Company No.07466536

Kinaxia Limited

Annual Report and Financial Statements

2022

Contents

Company information

Directors - P R Fields
G R Norfolk

Registered number - 07466536

Registered office - Kinaxia, Adlington Business Park, Adlington, Macclesfield, SK10 4NL

Independent auditors - Hurst Accountants Limited Chartered Accountants & Statutory Auditors, Lancashire Gate, 21 Tiviot Dale, Stockport, SK1 1TD

Solicitors - Gateley PLC, Ship Canal House, 98 King Street Manchester, M2 4WU


Kinaxia Limited

Kinaxia Group strategic report

Introduction

The directors of Kinaxia Limited are pleased to present their strategic report and financial statements for the year ended 31 December 2022.

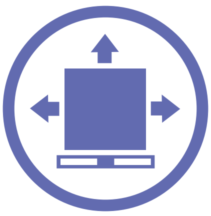
Our vision is to deliver a unique solution in the UK logistics market that combines local heritage and empathy within a dynamic national infrastructure.

Through retaining the values of our 13 regional family businesses and bringing them together through consistent processes and systems, we will provide the UK logistics market a regional and national service offering that retains all the strengths of a local family business. This combination of local heritage focus and empathy combined with an agile and dynamic national infrastructure is what defines Kinaxia and differentiates us in the market place.

Principal activities and performance

The principal activity of Kinaxia Limited is the provision of transport, distribution and value adding warehousing services.

The core areas of the business are:



Distribution

including general haulage and pallet services

Primary

including linehaul and trunking services

Logistics & Fulfilment

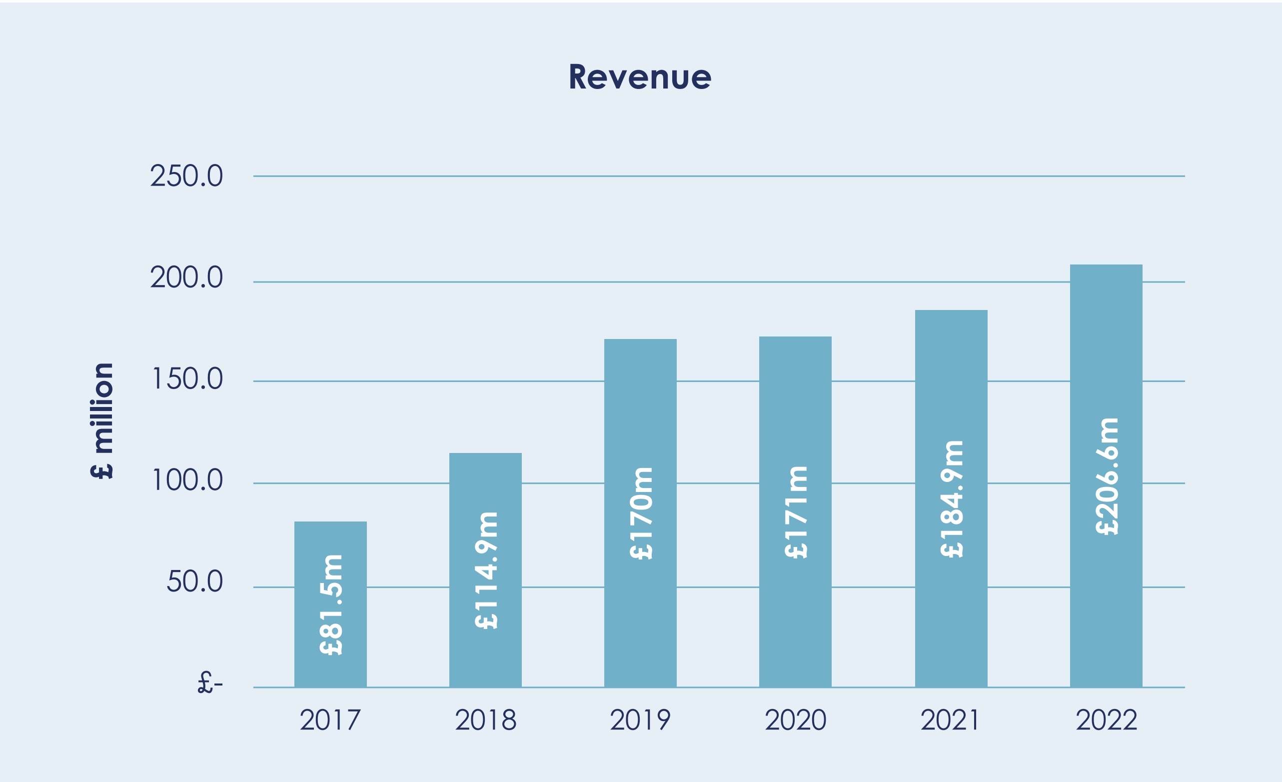
including Warehousing and Contract Packing services

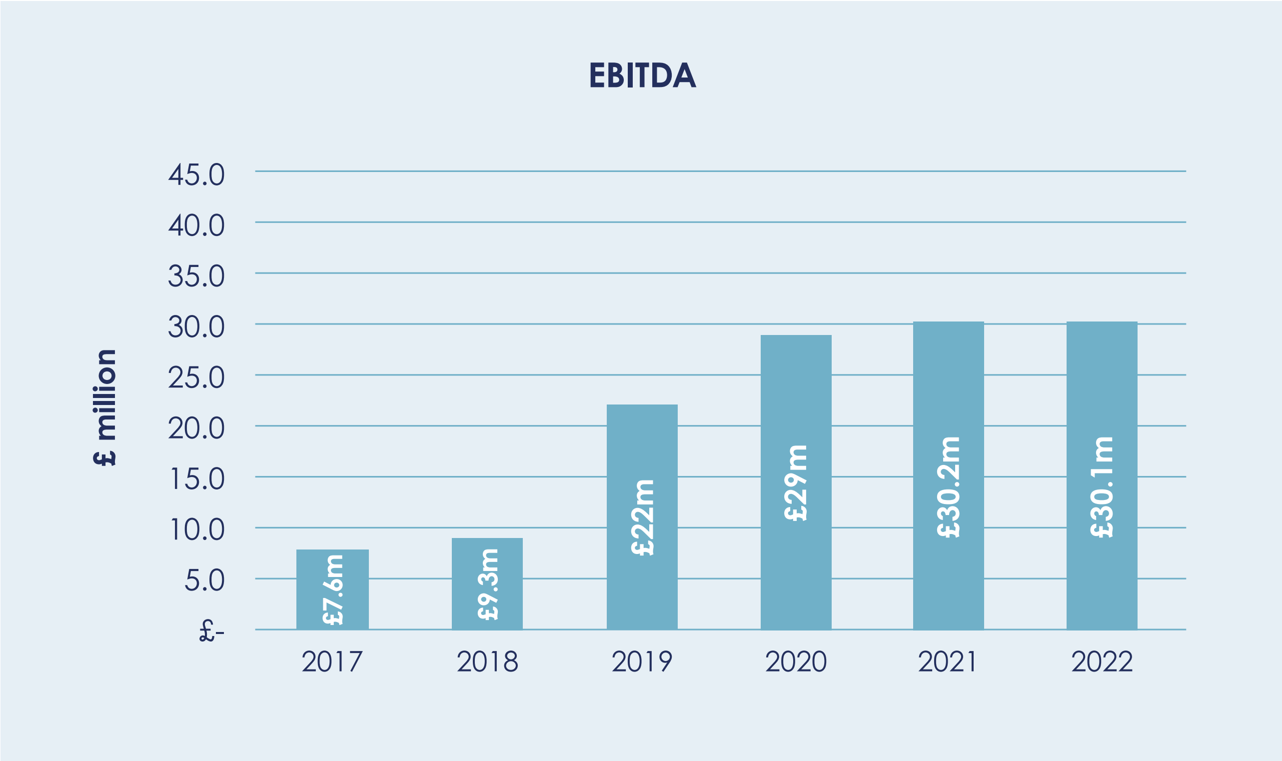
Review of Business

Financial highlights

- Revenue up 11.7% at £206.6m
- Gross margin increase of 5.1% to 25.3%
- EBITDA £30.1m

	2022	2021
	£	£
Revenue	**206,646,572**	**184,938,237**
Gross Margin	25.3%	24%
EBITDA	**30,104,427**	**30,216,816**





*EBITDA in 2017 and 2018 is pre IFRS16

Group Statistics

2,313,000
Square feet of warehousing

781
Vehicles in fleet

13
Operating businesses in Group

1,726
Employees

7
Workshops

Trailers **1,131**

3
Distinct sectors within the Group


Kinaxia
Logistics
SCANIA
AKW

CEO report: Simon Hobbs

2022 was a milestone year for Kinaxia Logistics. We celebrated our 10th anniversary, successfully refinanced our business, realigned our management model and surpassed our 2022 financial goals, breaking through the £200m annual revenue threshold. Overall, this was a year all our 1,726 colleagues can be proud of.

Q1 2022 focused on the refinancing and restructuring of our business. The refinancing with D E Shaw in March 2022 provided the financial platform upon which we could deliver our objective of integrating our 13 successful regional businesses.

Immediately following the successful refinance, in April 2022 we implemented our new leadership model. The Main Board created and empowered a new Operating Board to focus on the day-to-day running of the business whilst optimising group synergies. This allowed the Management Board to take a more strategic role in reviewing the performance of the operating business, the delivery of our business plan and the governance of the group. The Managment Board continues to meet and review the performance of Kinaxia Logistics on a monthly basis, with a quarterly combined Management Board and Operating Board meeting.

Our new Operating Board was established in April 2022 to support the delivery of our 2022 – 2024 business plan.

Our business was reorganised into three market-facing sectors – Primary, Distribution and Logistics & Fulfilment. Each sector is led by a market-experienced Managing Director, complemented by functional leaders for People Services, Finance and Information Technology. Midway through 2022 this Operating Board was further strengthened with the appointment of an experienced Project Director to assist with the integration of our business and also a proven QSHE Director. This new QSHE role highlighted the importance of Quality, Safety and Environment in the continued growth of Kinaxia Logistics. The key objective of this new leadership structure is to deliver our 2022 – 2024 business plan and to bring our 13 regional businesses together under a standardised operating model, with standard IT systems, to develop a common Kinaxia culture with aligned business goals. This structure proved successful and at the end of 2022 was further refined with the creation of a new Group Procurement and Engineering Director role and the appointment of a new MD for our Primary business.

Our 2022 - 2024 Business Plan

Vision

To deliver a unique solution in the UK logistics market that combines local heritage and empathy within a dynamic national infrastructure that is distinctively Kinaxia.

Mission

Our values will provide our customers with exceptional service and care that will reward us by becoming a top 10 UK logistics company by the end of 2024.

Culture

Creating a national Kinaxia family through uniting our local businesses and people through the Kinaxia vales.

Customers

Customer focused business, applying Account Management principles to at least our top 40 customers that will enhance our customer intimacy, retention and share of wallet. Evidenced by our growth and NPS score.

People

Attracting, retaining, developing and keeping safe our employees with an annual employee voluntary turnover of less than 15% and an annual lost time injury rate of below 0.5.

ESG

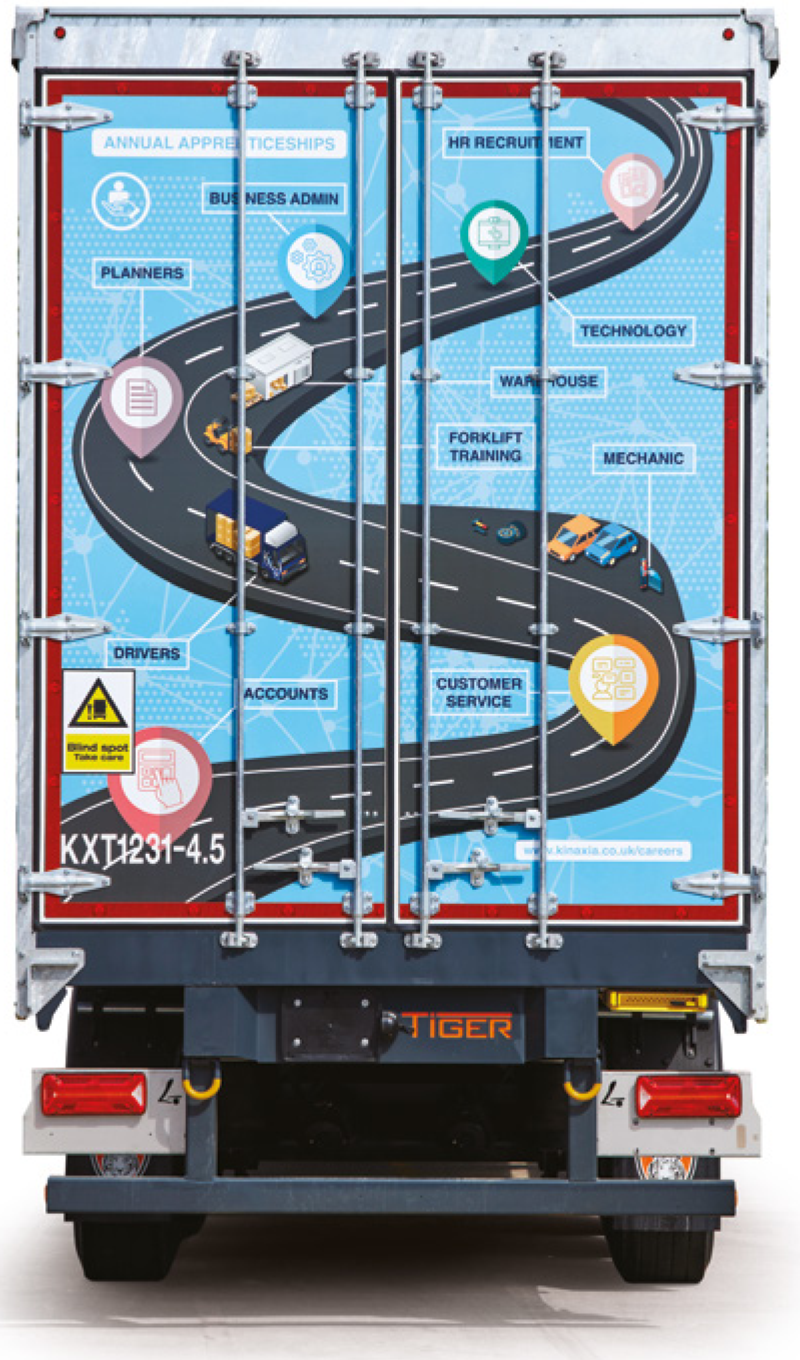
Recognise, measure and reduce our impact on the environment. Improve and enhance our relationship with our employees and community whilst maintaining the highest standards of governance.

Service

Recognised award winning consistent services and care through our core products of general haulage, distribution, line haul, co-packing, warehousing, e-fufilment, freight forwarding and logistics services.

Improvement

To share best practice and introduce technology that will improve service, Increase our gross margin and EBIT every year.


ANNUAL APPRENTICESHIPS
BUSINESS ADMIN
PLANNERS
HR RECRUITMENT
TECHNOLOGY
WAREHOUSE
FORKLIFT TRAINING
MECHANIC
DRIVERS
ACCOUNTS
CUSTOMER SERVICE
Blind spot Take care
KXT1231-4.5
www.kinaxia.co.uk/careers
TIGER

With our new operating model in place, the business moved swiftly in obtaining Operating Board support and approval for a number of key strategic initiatives. A standard Transport Management System (TMS) was approved, that would integrate our 11 Distribution businesses and enable them to operate as one Kinaxia fleet. This new TMS, along with standard operational processes, commenced implementation in 2023 and will be completed in Q4 2023. The implementation of our standard Warehouse Management System for our Logistics and Fulfilment business continued its rollout with the final major warehouse being completed by October 2023. A new operating system was also selected for our growing Co-Packing business and implemented in Q1 2023.

To enhance the operation of Kinaxia as an integrated group, we standardised our operating processes and systems and introduced a new Kinaxia Logistics livery and uniform. Building upon the great regional brands we have within Kinaxia, a fresh livery was designed for both our Primary sector and Distribution sector. This Kinaxia branding was extended to create a national Kinaxia uniform. Refreshed Kinaxia signage at all our regional facilities also commenced in 2023.

During this period of change, communicating with our 1,726 colleagues and customers remained critical. We continued with our monthly Kinnect employee journal and our monthly CEO communication videos. We also successfully introduced our 6 monthly Town Hall meetings, where a member of the Operating Board visits each location and briefs all our colleagues on our business goals and financial performance.

Our 2022 annual employee survey showed improvement in all areas of our people engagement and also gave our highest employee response rate to date.

Our annual customer survey was well supported with an improved NPS (net promoter score) of +39, a very creditable rating that demonstrates we are keeping our customers centre stage.

In 2022 we delivered and surpassed our financial goals, restructured our operating model to deliver our 2022 – 2024 business plan, and continued the integration of our young and growing business with the selection, preparation and implementation of a standardized Kinaxia Logistics business and brand.

2023 will see the completion of the brand standardisation phase. At the end of 2023 we will be an integrated logistics business, working with common processes and technology. Our Kinaxia culture continues to develop and we will be positioned for growth. In line with the UK transport and warehousing sector, we have seen a downturn in 2023 volumes across all three sectors. This has increased the focus on managing our cost base and implementing our ambitious change programme. The second half of 2023 will see further investing in our sales team to ensure that 2024 benefits from our continued unification of Kinaxia Logistics.

Distribution

2022 was another challenging year for distribution as we began to adjust to a post Covid and post Brexit trading environment.

The formation of the Operating Board in April 2022 enabled the establishment of the Distribution Sector with Kinaxia bringing the 11 distribution trading entities together to work as one. This was a very important step forward for the business.

A key strategic area of focus during 2022 was the establishment of our internal network, "K-Link", which enabled the group to share freight internally via our own "K-Link" cross dock operation based at our Panic Transport site in Rugby. The distribution team also started the Kinaxia Return Loads (KRL) forum for all group companies to work together on a live basis to share full load volume between sites to better utilise our resources by reducing empty running.

2022 got off to a positive start with strong volumes from all sectors, but the impact of the Russian invasion into Ukraine had an impact on our cost base particularly fuel. As with most hauliers, a lot of these costs were able to be passed on to our clients due to pre-existing fuel escalator mechanisms being in place, where they weren't we moved to introduce them across the trading base. Our annual rate review programme ensured we were able to recover the remainder of the inflationary cost increases. The challenges around driver recruitment and retention continued into 2022 but improved towards the end of the year as drivers' salaries increased to a level to entice new entrants into the profession.

Logistics & Fulfilment

2022 has been a pivotal year in the development of our Logistics and Fulfilment sector business.

We brought together our large warehouse operations in Sunderland, Warrington, Manchester, Daventry and Snetterton, under the stewardship of one Warehouse Director to enhance management and reporting and also provide one group way of operating across the sector.

In addition to this, we have integrated our contract packing business into the sector, formally AKW Global Warehousing Ltd in Trafford Park.

On the 1st December 2022 this business was renamed Kinaxia Logistics & Fulfilment Ltd. On the 1st January 2023 the warehouse trade and assets of Fresh Freight Ltd, Mark Thompson Transport Ltd and Panic Transport Ltd were formally transferred to Kinaxia Logistics & Fulfilment Ltd under various Business Purchase Agreements.

On the 1st July 2023 part of the warehouse trade and assets of Foulger Transport Ltd were also formally transferred to Kinaxia Logistics & Fulfilment Ltd under a Business Purchase Agreement.

Our Logistics & Fulfilment business currently operates across 12 key locations, offering a comprehensive service:

- Over 180,000 pallet locations
- 2.7 million sq ft of logistics space
- Proudly employ 500+ core colleagues supported with flexible labour resource
- Accreditations: BRC AA, HMRC Bonded, ISO, Organic
- Experts in sourcing and acquiring strategic warehouse space
- Bespoke and turnkey solutions (Multi-user or dedicated)

- Industry leading WMS system BlueYonder (previously JDA/Red Prairie)
- Full trackability/visibility: Scanning, Integrations and a Customer Portal
- Value-add solutions: Returns management, Gifting, Kitting and Rework
- Fully customisable contract packing service:
    - Promotional packs
    - Seasonal packaging
    - New product launches
    - Embroidery service
    - Gifting

Our Group Solutions Design Team specialise in Warehouse and Transport solutions, supporting our existing customers through reviewing their supply chains and offering creative alternatives. They also support our Sales Team with comprehensive proposals on new business opportunities.

The priority throughout 2022 has been onboarding colleagues from each separate business entity and integrating them into the sector team, driving our safety culture and building our strategy for growth.

Having successfully implemented our Warehouse Management System (WMS) system, BlueYonder, into our Manchester and Sunderland sites and upgraded the instance at our Daventry warehouse, we continue to invest in systems to support our operations and drive operational standardisation,. This investment will continue during 2023 with the implementation of Blue Yonder at our warehouse facilities in Snetterton.

We also took the decision during 2022 to implement a new Contract Packing system selecting the Nulogy software solution which went live in April 2023.

Primary

Having experienced high volumes and strong results in the previous two years, 2022 was a year of consolidation for the Primary sector. This was driven largely by the B2C parcel sector during Covid. 2022 was significantly more challenging for this area of our business which is highly dependent on large linehaul contracts with the parcel integrators and two-person home delivery specialists.

A tightening of consumer spending driven by increased inflation rates and a change in post-Covid ordering behaviour had a direct impact on our primary business. A number of key clients who specialise in B2C home delivery traded down as they experienced a normalisation of post-Covid consumer spending. Consumer spending on home and garden projects was high during Covid lockdowns and some softening of this spend was been seen by our Primary business.

Volumes within the Primary sector tend to be weighted towards the back-end of the year, as the business ramps up for the Christmas peak to support the expected increase in parcel volumes. Across the industry, we saw that the volumes for the Christmas peak in 2022 were considerably lower than expected and lower than previous years, again driven by inflationary impacts on consumer spending.

The Primary sector was not able to react quickly enough to respond to these volume reductions. Typically, clients share very little in the way of forecasted demand and, as a result, the Primary sector was carrying more fixed assets in terms of units and trailers than was actually required. Without the revenue to support the fixed cost overheads, this had a significant impact on the performance within this sector.

Compliance

Our key focus continues to be the health, safety and wellbeing of colleagues, customers, suppliers and members of the public, including all personnel and visitors in our workplace.

The group has continued to benchmark our compliance against the Fleet Operator Recognition Scheme (FORS) and, in 2022, the group saw a 100% pass rate for the sixth year running.

In line with the FORS standard, the group companies ensure each driver completes an in-depth induction and is provided with the Kinaxia Driver's Handbook. The handbook outlines all the procedures our colleagues need to follow including specific safety initiatives around driving and handling vehicles and interaction with all other road users. These compliance procedures continue to be developed to ensure we always keep our drivers, colleagues and members of the public safe.

This group-wide compliance focus continues to be the number one board-level commitment and we continue to focus on this by ensuring strong compliance training and leadership throughout. Therefore, each Kinaxia location is supported by on-site teams delivering all areas of compliance, health and safety and driver training.

Our key objective for 2022 was to continue the ongoing development, improvement and implementation of groupwide standard practice and operational excellence to ensure the accurate reporting of key data for the on-site management teams and wider board.

Strong auditing and monitoring have allowed improvements in reporting of compliance, health and safety and environmental (HSE) events across the group.

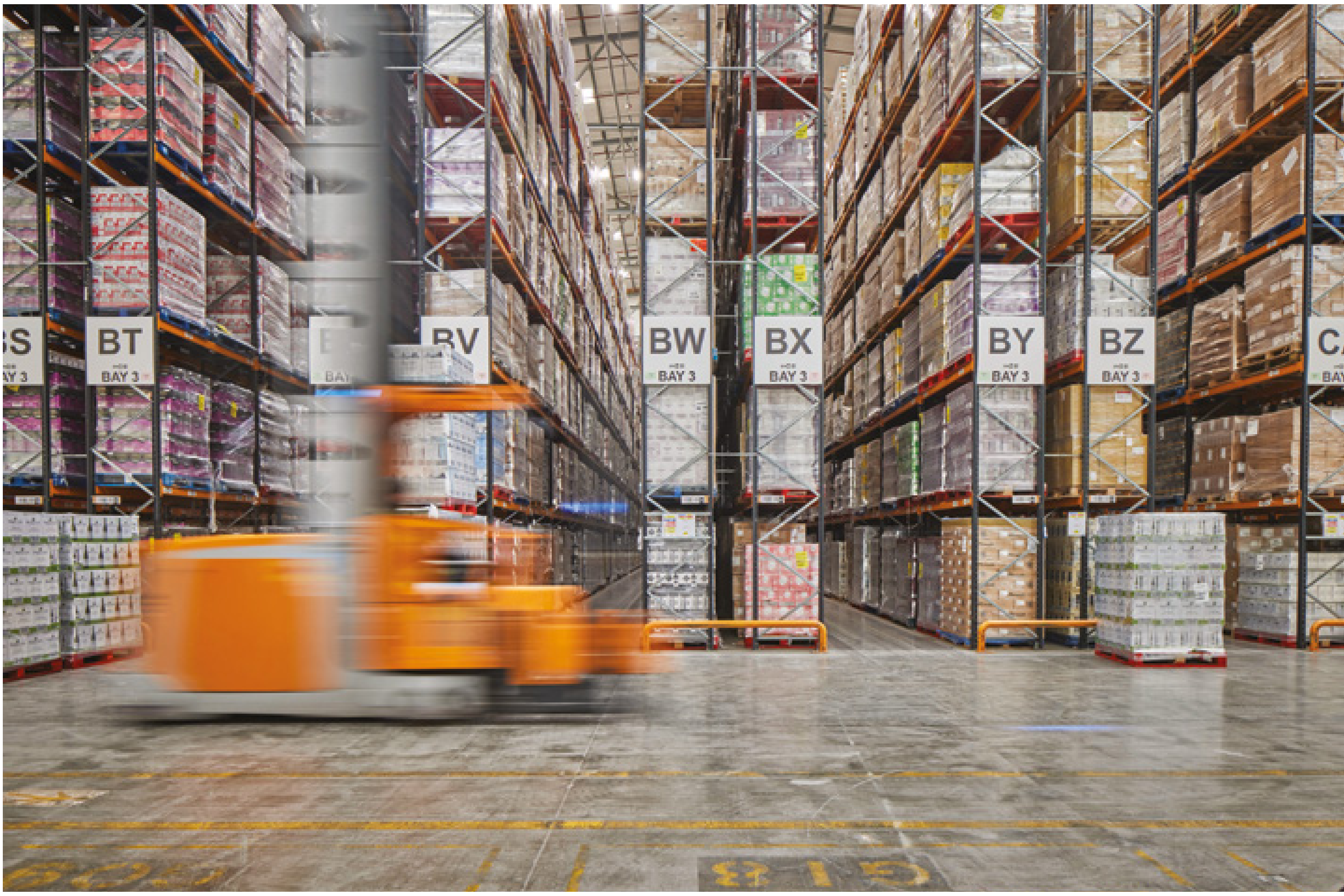
We have a continuous review process with the compliance team that considers all current safe systems of work and risk assessments with these being amended group-wide across all areas of the operations as appropriate. We have developed a close working relationship with governing bodies within our transport and warehousing sector, such as the Road Haulage Association (RHA), British Retail Consortium (BRC) and, last year, we worked with the RHA to help develop their new National Member Safety videos.

In line with the Government legislation regarding vehicles operating in Central London, we have invested in the Direct Vision Standard, (DVS), and implemented the required technology including cameras and audible warning systems to ensure we are able to operate in Central London in a compliant and safe manner. All new vehicles coming on to the fleet now have this equipment fitted as standard.

The continued development of our internal library of Toolbox Talks and Safety Alerts are aimed at ensuring that the highest levels of safety and compliance are maintained and upheld.

These are under constant review and rolled out throughout the year by on-site management responsible for compliance.

We continued to work closely with our insurers and telematics providers to develop our reporting and monitoring processes with monthly reviews being held to drive best practice and continuous improvement.



Checked Safe

Checked Safe is an online vehicle defect recording solution that links directly to our transport management teams and workshops to provide accurate capture and reporting of any vehicle defects.

In 2022, as rollout continued across the group, a significant increase in completed checks took place resulting in 360,000 checks being conducted across the year.

Tru-Tac

Tru-Tac is our vehicle tachograph analysis solution. It makes tachograph management, driver de-briefing, and compliance reporting, more accurate and faster. Furthermore, it allows tachograph data from vehicles to be downloaded remotely so we can more easily manage vehicle usage and driver activity.

DVSA Earned Recognition Accreditation is a scheme for vehicle operators where they can prove they meet driver and vehicle standards by regularly sharing performance information with the DVSA. As we work towards Earned Recognition Accreditation, the products team at Tru-Tac remains a fundamental part of our business providing clarity, training support, and peace of mind.

Blue Tree

Blue Tree, otherwise known as ORBCOMM, is our powered vehicle telematics provider. It is an advanced product which enables full vehicle telematics reporting remotely in real-time whenever a vehicle is used.

By utilising the Blue Tree system, we can monitor all vehicle data such as speed, engine idling, MPG, acceleration, braking and harsh cornering. Our driver trainers can then use the live data in the driver debriefs to improve driver behaviours and address any driver infringements.


Kinaxia
Limited

Marketing and brand

2022 has seen a focus on developing a unified Kinaxia brand, starting with the rebranding of our vehicles from 13 individual companies to two Kinaxia Logistics brands: Distribution in blue and Primary in yellow.

We have maintained the local company names on the front of each vehicle to retain our heritage. This rebranding exercise will continue into 2023 and 2024 to complete the whole fleet.

In 2022 we also created a new group uniform with one Kinaxia Logistics brand which will be launched in 2023, continuing our journey towards a unified Kinaxia.

Our 2022 Customer Survey was issued in October using a different medium and approach following the disappointing response rate in 2021. Despite the response rate still being lower than we hoped the results were pleasing with an NPS score of +39 and we continue to focus on improvement. This is an extremely positive indicator of our customer service and experience levels.

We continue to develop our portfolio of sales collateral, aligning it with the new sectors to support the growth of the sales pipeline and the promotion of the Kinaxia brand.

In 2022, we streamlined our marketing department and brought our social media management in-house, utilising a scheduling system to maintain our presence online.

This has proven to be successful, with a growth in followers across our social media platforms by circa 1,500 and an increase in engagement. We have also brought our website maintenance in-house, building on the new website which was launched in 2020.

Alongside the maintenance and development of our brand internally and on social media, during 2022 we also increased our presence at key industry events throughout the year. We sponsored the Government-backed Generation Logistics campaign becoming a Gold Sponsor to really raise the profile of the sector and to be at the forefront of an exciting initiative to promote opportunities for young people within the industry. Through Generation Logistics we attended events to generate support of the campaign as well as share our ideas and promote our brand In addition to our support of this campaign. We also sponsored the Supply Chain Excellence awards again and attended the Logistics Awards and Every Woman in Transport & Logistics Awards where one of our apprentices was shortlisted.

Sales & Account Management

As the business was reshaped into our 3 strategic sectors of Distribution, Logistics and Fulfilment, and Primary, our sales team was aligned accordingly.

This enabled our sales team to focus their sales strategy on key businesses aligned to each sector, with the support of cross-selling and offering value added services where appropriate.

The sales pipeline has been a key focus in 2022 and regular meetings have been implemented with stakeholders from each sector and functional heads in attendance to discuss, agree and support any viable opportunities. This has resulted in proactive collaboration on the preparation and delivery of some significant tenders.

As testament to the importance of our customers and the service we provided in 2022, we created a new Commercial Directors role which will form part of the Operating Board and provide our customers with a voice on the board.

In 2022 regular proactive meetings between the Marketing and Sales teams focused on the customer journey. Feedback from the customer survey and actions from these meetings will be implemented in 2023 to improve the customer experience.


Kinaxia
Logistics

Environmental, social and governance (ESG)

Operating in an ethical, socially responsible manner is important to our Kinaxia Family ensuring that we put our people, customers, and community at the very heart of our strategy. We have continued to develop and strengthen this group wide, by investing in resource to drive our business key ESG focus areas on environment, community, workplace, and ethics.

Decreasing Emissions, Inclusive of SECR

We measure and monitor our operational carbon footprint in order to assess our environmental impact and are pleased that our scope one* and scope two** emissions have reduced year on year based on calculations in line with DEFRA guidelines. We will continue to work on ways to further reduce our carbon footprint, including continuing to trial alternative fuel vehicles.

In accordance with the disclosure requirements under the UK Government's Streamlined Energy and Carbon Reporting framework, the table below summarises the Scope 1, Scope 2** and Scope 3*** Greenhouse Gas (GHG) emissions for reporting year ended 31 December 2022, along with the comparable period.*

Restated information for 2021 has been provided due to a correction made with regards to the conversion factors chosen, and more information becoming available from our paper destruction third party partner.

**Scope 1 (direct) GHG emissions are derived from the consumption of gas, oil and vehicle fuel. **Scope 2 (energy indirect) GHG emissions are derived from the consumption of purchased electricity. **Scope 3 (other indirect) GHG emissions are derived from business travel.*

	Current Reporting Year 1st January 2022- 31st December 2022	Restated Reporting Year 1st January 2021- 31st December 2021
Energy consumption used to calculate emissions: /kWh	Gas: Utilities: 418,143 LPG for Forklift Trucks: 380,058	Gas Utilities: 470,716.10 LPG for Forklift Trucks: 369,299
	Electricity: 4,874,339 kWh	Electricity: 4,655,791 kWh
Fuel (litres)	Fuel for Transport Purposes: Fleet: 23,879,449 Red Diesel: 28,303 Diesel for non-Fleet vehicles: 65,683 Kerosene: 21,890	Fuel for Transport Purposes: Fleet: 25,102,416 Red Diesel: 452,416 Diesel for non-Fleet vehicles: 44,200 Kerosene: 65,714
	Total: 23,995,325L	Total: 25,620,844L
Emissions from combustion of gas /tCO_2e	Utility Gas: 11.08 LPG: 591.79	Utility Gas: 12.47 LPG: 574.4
	Total: 602.87	Total: 586.87
Emissions from combustion of fuel for transport purposes /tCO_2e	Fuel: 61,166.96 Red Diesel: 78.08 Kerosene: 55.60	Fuel: 64,262.95 Red Diesel: 1247.66 Kerosene: 166.94
	Total: 61,300.64	Total: 65,677.55
Emissions from combustion of fuel for non-Fleet vehicles	168.15	0
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel /tCO_2e	51.49	44.21
Emissions from purchased electricity (location-based) /tCO_2e	942.60	1085.45
Total gross CO2e based on above/ tCO_2e	63,065.74	67,394.08
Intensity ratio	305.18 tCO_2e/£revenue (millions)- based on the figures above	364.62 tCO_2e/£revenue (millions)- based on the figures above
	0.75 kg CO_2e/km- used fleet kg CO_2e and fleet km	0.76 kg CO_2e/km -used fleet kg CO_2e and fleet km

In 2022. we achieved a decrease of 20% in our intensity ratio, the Tonnes of CO_2e per £ revenue. This was in part due to the continued replacement of Euro V to Euro VI engines within our fleet, as well as ensuring we operated as efficiently as possible.

The significant reduction in the amount of red diesel, or white diesel following the change in legislation in March 2022, and kerosene used at our sites has been supported by the migration to LPG powered forklift trucks.

In addition, in September 2022, all electricity purchased and used by the Group was produced by a green energy supplier.

Recycling

Our carbon neutral paper destruction process has continued to apply across the business. This service has allowed us to strengthen the security of data compliance through secure shredding processes, whilst reducing and recycling the volumes of paper used, enabling us to make a positive change and environmental impact that includes:

	2022	2021 (Restated)	% Change
Weight of Paper collected (KG)	34,215	31,020	+9%
Number of trees saved	583	529	+9%
Energy saved (kW)	143,613	130,242	+9%
Co_2 saved (Kg)	20,529	18,606	+9%
Reduction in waste to Landfill (m3)	8	7	+10%
Water saved (litres)	1,094,880	992,320	+9%

The increase noted is due to the addition of two sites now subscribing to the carbon neutral paper destruction process. When comparing like for like with participating sites in 2021, the % Change would be - 15%.

Commercial and Business Travel

Group-wide business travel in personal and company cars has increased by 13% from 2021-2022. However, this is still a reduction of 83.8 tCO_2e compared with pre-COVID travel. Kinaxia continues to encourage employees to avoid unnecessary travel, by utilising Microsoft Teams for virtual meetings where possible and appropriate.

In line with our commitment to reducing our emissions, we have increased the number of 100% electric cars in our company car fleet, with more charging points to be installed at our sites in 2023.

We have increased the number of Euro VI vehicles in our fleet to 95%, up from 92% in the previous year. In 2022, we trialled alternative fuel vehicles including CNG and EV with a view of increasing the sustainability of our fleet in 2023 and beyond.

Community

Our ESG teams locally continue to focus and work with various local and national charity partners building colleague engagement and positive community connections. This included supporting Cash for Kids, Mission Christmas & MedEquip4Kids as well as the below:

Our colleague volunteering policy ran for a second year, which allowed all employees to take one paid day per year of volunteer time. This benefit provides opportunities for employees and business to give back to local communities.

In 2022, we continued our local sponsorship of the U8's junior football team Adswood United's uniforms.

- £221 was raised during a raffle to support Myton Hospice.
- £412 was raised during a coffee morning for Macmillan.

In 2022 we sponsored the PB Design Cycle team who cycled the "Ride for Precious Lives", a ride that starts at St Austell and finishes at Wraxall and visits the three Hospices, run under the Children's Hospice Southwest.

We sponsored The Steve Talboys Foundation Golf Day, the foundation was founded in 2019 after the untimely death of the Premier League footballer, Steve Talboy, to provide a legacy set up to promote and develop his vision and passion by supporting children and young people to experience the life changing benefits of amateur football, in their local community. This sponsorship was a campaign called – Defibrill18, with the aim to put defibrillators into as many sports clubs for children and young people in the local area.

Ten tonnes of aid was delivered by a Kinaxia driver to Ukrainian refugees in Poland after an appeal for clothing, baby supplies, toiletries and food received a bumper response from our staff and customers.

Business Ethics

Kinaxia has several policies in place and is committed to ensuring that our people and customers are updated regularly. In 2022 we introduced a series of Manager Toolbox talks to inform and educate leaders on the key policies and procedures around our Business Ethics.

People

We continue our journey of promoting a consistent and unified approach to our people and the service we deliver, with the strategic objective of becoming an employer of choice where our people are empowered to make a difference.

We now employ c.1,726 colleagues across the Group who are integral to the continued success and growth of our business.

Human Resources Department

We introduced an online HR Portal that enables all our colleagues to request information or support via one central system which is managed by the HR Administration team and ensures that all requests are distributed to the most appropriate individual to respond.

This new system has enabled the HR team to streamline our processes and procedures and to deliver a consistent service across the Group, which is more efficient and effective to improve our internal customer service levels.

In 2022, we introduced HR Business Partner roles aligned with each sector, supporting the new business structure, which has assisted with the continued integration of the group policies. With enhanced standardisation of our HR processes and documentation, we have achieved greater consistency for our colleagues and the companies across the group.

Training and Development

During 2022, it became apparent that the Group required an individual who could solely focus on our learning and development strategy and, as a result, we recruited a Learning and Development Co-Ordinator who reports directly to the People Services Director.

The key focus of this role is to promote the self-development of our people and provide opportunities to expand their knowledge and career aspirations, as well as developing our apprenticeship and graduate programmes.

To support the development of a Group training programme, we have invested in an e-learning platform which will enable the Group to offer bespoke training programmes, which can be designed to meet the requirements of a specific role, group of people or subject matter, specifically HSE and compliance. The implementation of the platform and training programmes will continue in 2023.

Leadership and Management

In 2022, we launched a Senior Leadership and Executive Coaching programme for the Operating Board, which is designed to enhance the skill set of our senior leadership team and their capacity to lead through our people and support the operational transformation of the Group. The delivery of this programme will continue in 2023.

Included within this programme was the creation of a Leadership Competency Framework which is aligned to our values and will support the creation of a tiered management programme, developing our managers' knowledge on motivating, developing, empowering and supporting our people.

Due to the success of our first Senior Leadership Conference, which took place in 2021, we delivered our second conference in June 2022 and have now agreed that they will take place annually. The theme of the 2022 conference was 'Continuing our Kinaxia Logistics Journey' giving the Operating Board an opportunity to update the Senior Leadership Team on the business plan and transformation of the group.

Recruitment

2022 saw the implementation and development of an Applicant Tracking System (ATS), which has revolutionised the way in which we manage our internal recruitment process, delivery of KPI's and visibility of the end-to-end recruitment process for hiring managers.

Our internal recruitment team is integral to the workforce planning strategy of each business and spent 2022 actively engaging with the business and building relationships with the senior management team across the Group. This has enabled them to understand the specific nature of each business and identify their current and future recruitment needs are. This business partnering model will continue to be developed in 2023.

To strengthen the visibility of Kinaxia Logistics as an employer in 2022, the recruitment team attended numerous recruitment and apprenticeship events across the country promoting the logistics industry as a career and Kinaxia Logistics as an employer of choice. This has resulted in more applications from the local communities, enhancing the diversity of our workforce.

Employee Engagement

The group undertakes an annual employee engagement survey, the results of which are communicated at a local level and action plans are implemented to continuously improve our peoples' working experience.

One of the developmental areas which came from the 2021 engagement survey was communication. As a result, this became a key focus area for the group in 2022.

We implemented our first town hall briefings which took place in September at every location delivered by a member of the Operating Board and supported by the local senior management team. The purpose of these briefings was to communicate key information to all our people on the development and growth of the Group. These will continue taking place in 2023.

In addition, we continued to develop our monthly internal newsletter, Kinnect, with information from across the group, including sections on mental health and wellbeing, as well as highlighting our apprenticeship programme. Our quarterly video briefings from our CEO, have also continued and, due to their popularity, will be issued monthly in 2023.

The future generation

In 2022, we relaunched our careers page on the Kinaxia website, which included a section for our Apprenticeships with information and guidance for both apprentices and parents, detailing the apprenticeships available and potential career paths.

An internal Apprentice of the Year Award was launched in 2022 to champion this initiative and to raise the profile within the business of the contribution the apprentices make. During an apprenticeship team building event, our apprentices were tasked with creating a design for the back of our trailers which was implemented in 2023.

In 2022 Kinaxia Logistics became a gold sponsor of Generation Logistics. This is a collaboration between Logistics UK and CILT (UK) backed by the Government to encourage the next generation of people into the logistics industry. Our role as a sponsor has been to support promotional activities and encourage our people to participate in local initiatives and events.

Details of the Directors' statement of compliance with duty to promote the success of the Group are included in the Directors' report.

Technology and systems

Consolidation and standardisation of technology and systems across the group has again made considerable progress in 2022. The strategic technology vision builds on this foundation with greater opportunity to introduce innovation across the technology platform of the future. In turn, we will be delivering substantial benefit to the overall organisation.

IT security remains pivotal to all our business operations and to enhance our colleagues' awareness and knowledge. Risk relating to outdated systems and equipment has been reduced with the removal and consolidation of a number of legacy systems. The Group-wide security awareness programme continues and further technical controls have been introduced. Phishing simulation, penetration test and disaster recovery test activities are part of the security cycle of continuous review and improvement.

Further development of QlikSense, our business intelligence and data analytics platform, has driven a change in the approach to decision making and provides richer insights from more data sources. The platform delivers data insight across transport, warehousing, finance, people, compliance and fleet operations.

The roll out of standard operating processes and one way of working across the whole of the transport business, has paved the way for the ongoing deployment of a single Transport Management System (TMS). This next phase of evolution will particularly improve the consistency of our customer experience across the group.

A platform move to the cloud along with a redesign of the customer and pallet network integrations, will provide greater resilience and growth for the future. A strategic review of the driver and in-cab technology is underway with the aim of achieving greater delivery visibility and service level data.

Continuation of the strategic consolidation of all major warehouse operations onto Blue Yonder Dispatcher Warehouse Management System (WMS) and Descartes (customs and bonded solution) has seen new and existing sites benefit from the one system approach. The programme of standardisation continues into 2023, alongside a focus on evaluating technical innovation to support the future business growth. The implementation of Nulogy Shopfloor, a new contract packing solution, was completed in early 2023 and will be the foundation for the expansion of contract packing services across the Group. The increased utilisation of our secure data integration EDI (Electronic Data Interchange) platform provides supply chain efficiencies for our customers, whether simple or complex.

IT services have continued to evolve providing simplified third-party management and improved internal customer service. Further rationalisation and continuous improvement will continue along with the development of the internal IT capability.

As the consolidation of the core business solutions takes place the strategic move towards cloud-based IT services also continues, providing resilience and growth benefits. The deployment of a standard telephony platform and site connectivity has completed, providing a single communication platform across the whole organisation. Following the refresh of local site IT infrastructure, the focus moves to standardising and refreshing the desktop IT estate to ensure the appropriate tools are available.

Kinaxia Logistics Directors

Graham Norfolk

Dr Peter Fields

Graham Norfolk

ACA, Director

Graham is a shareholder and founder of Kinaxia Ltd. He is a Chartered Accountant and currently runs his own investment company, Acorn Capital Partners Ltd. Previously he was a partner of BDO.

He has been a Director of several private and public companies and is currently Chairman of marketing agency Once Upon A Time London Ltd in addition to his directorships at Kinaxia.

Dr Peter Fields

Director, Chair of Audit and Risk Committee

Peter is a shareholder and founder of Kinaxia Ltd. Peter has a PhD in Chemical Engineering and spent 15 years with ICI plc working in a variety of senior management roles. He also has a degree in psychology and degrees in law as well as having been called to the Bar. In 1999, Peter led the management buy-out of Chance and Hunt Ltd, subsequently merging with Azelis SA to form a leading European specialty chemical distributor with a turnover in excess of €1 billion. Having left Azelis in 2009, Peter has worked as a Chairman/ entrepreneur / investor in a number of start-up companies in the chemicals, logistics, consumer and legal sectors.

Neil Ashworth

Non-executive director,
Chair of Remuneration Committee

Neil is a non-executive director at Kinaxia and has held the position since 2021. Neil has over 25 years' board-level experience in the logistics, supply chain, retail and e-commerce industries. He is a former chairman of the Chartered Institute of Logistics & Transport and is currently non-executive chairman of Selazar, non-executive director or 2San Global and an advisor to IVIS Group.

Barry Germany

Director, Chair of Invesment Committee

Barry has 30 years of experience working for Foulger Transport. Beginning as an Office Junior in 1988, Barry went on to buy the company in 1996 before selling it to Kinaxia in 2015.

Barry assists with any acquisitions Kinaxia may be pursuing, as well as seeking out new contracts and tenders in the Group. He also works on group purchasing to create synergies in various areas of Kinaxia.

Simon Hobbs

CEO

Simon joined the Kinaxia Board in January 2020 as Group CEO. Simon has extensive experience in transport and warehousing having held large Divisional leadership roles for such organisations as DHL Supply Chain, CEVA Logistics and Kuehne-Nagel. He has a proven track record of growing businesses and creating successful teams.

Simon has a transport degree from Loughborough University and an MBA in Supply Chain Management from Cardiff University.

Ben Warrillow

FCMA, Group Finance Director

As Finance Director and a member of the Kinaxia Board, Ben has worked on numerous acquisition projects for Kinaxia and has responsibility for financial reporting and statutory compliance across the Group.

Ben has over 20 years' experience in transport, distribution and fleet-based businesses. During his career he has worked across the UK at Target Express, Nightfreight and held a number of senior divisional financial roles within Rentokil Initial Plc.

Fleet report

2022 saw continued renewal and investment in the fleet, with 12% of Kinaxia's vehicles replaced with new, greener technology. This equates to an increase in Euro VI vehicles to 94% of fleet, up from 92% in the previous year.

The war in Ukraine and the Pandemic continue to have detrimental effects on the supply of new equipment across the industry. In addition, the shortage of skilled labour and the short supply of semiconductors is resulting in a lack of spare parts for the vehicles, delayed delivery times for new vehicles, and significantly increasing prices in both new and used vehicle markets.

2023 and Beyond

We have become development partners with two green vehicle manufacturers to help with R&D and "on-road" trials. This will see several EV and Hybrid trucks coming into service around the group in 2023 with the aim of trialling to support the group sustainability strategy. In addition, we plan to accelerate the rebranding of the fleet to achieve 50% of all vehicles being in our new livery by the end of 2023. There will be significant investment in the new trailers along with the continuing role out of group-wide supply policies.

Fleet Report

Vehicles in fleet
781

Trailers
1,131

Workshops
7


Kinaxia
Logistics

Group Finance Directors Report

2022 was a strong trading year for the group in difficult circumstances. Revenue was 11.7% up for the year reflecting improved customer activity, higher surcharges for fuel and drivers and increased warehouse capacity within the group.

Revenue

	2022	2021	Change
	£	£	%
Distribution	121,302,298	114,012,346	6.4%
Primary	40,627,835	36,332,350	11.8%
Logistics & fulfilment	44,716,439	34,593,541	29.3%
Total Revenue	**206,646,572**	**184,938,237**	**11.7%**

Total revenue for the year ending 31 December 2022 increased by 11.7% or £21,708,335 up to £206,646,572. Growth was spread across all of our main trading sectors.

Distribution revenue which includes general haulage and pallet services increased 6.4% in 2022 over the prior year ending 31 December 2021.

Primary product revenue was up 11.8% year from £36,332,350 in 2021 to £40,627,835 in 2022 reflecting the increased demand for B2C services and additional business from existing customers.

Logistics and Fulfilment revenue which is all warehousing and co-pack revenues increased by 29.3% reflecting increased capacity fill in 2022 and growth within our Co-packing division during the year.

Gross Margin, EBITDA and EBITDA

	2022	2021		Change
	£	£	£	%
Revenue	206,646,572	184,938,237	21,708,335	11.7%
Cost of sales	(154,430,215)	(140,477,308)	(13,952,907)	9.9%
Gross profit	**52,216,357**	**44,460,929**	**7,755,428**	**17.4%**
Gross margin %	**25.3%**	**24%**	**2,182,058**	**5.1%**
Administrative expenses	(39,066,144)	(41,248,202)	2,182,058	(5.3%)
Operating profit (EBIT) Pre exceptionals & other operating income	**13,150,213**	**3,212,727**	**9,937,486**	**309.3%**
EBIT % Pre exceptionals & other operating income	6.4%	1.7%	4.6%	(2.89%)
Other operating income	90,450	563,922	(473,472)	(84%)
Gain on Disposal investment	-	2,701,225	(2,701,225)	(100%)
Gain on Property Disposals (SLB)	-	1,400,118	(1,400,118)	(100%)
Gain on Lease Surrender	-	3,872,409	(3,872,409)	(100%)
Operating profit (EBIT)	**13,240,663**	**11,750,401**	**1,490,262**	**12.7%**
EBIT %	6.4%	6.4%		0.8%
EBITDA	**30,104,427**	**30,216,816**	**(112,389)**	**(0.4%)**
EBITDA %	14.6%	16.3%		(10.8%)

Gross margin during the year ended 31 December 2022 was 25.3%, up from 24% on the year ended 31 December 2021, in absolute terms it improved by £7,755,428 or 17.4%.

Operating profit (Earnings before tax and interest) Pre exceptionals was £13,150,213 or 6.4% compared to £3,212,727 or 1.7% the previous year. This is an increase of £9,937,486 or 309%

Operating profit after exceptionals was £13,240,663 or 6.4% compared to £11,750,401 and 6.4% the previous year. The prior year benefited from £7,973,752 of one-off gains from property disposal, investment disposal and lease surrenders, which were disclosed as exceptional items.

EBITDA (Earnings before interest, tax and amortisation) after exceptionals on an IFRS 16 adjusted basis was £30,104,427 or 14.6%, down £112,389 on prior year with prior year benefiting from £7,973,752 one-off gains from property disposal included in the previous year.

Cash

Operating cash flow before working capital movements increased by 16% year on year to £29,253,299.

Working capital inflow of £1,226,274 reflected improvements across the group in aged debtor management despite growth across the group.

Net cash out flows from investment activities increased year on year to £12,161,409 in the year ended 31 December 2022 from £10,664,780 in net cash out flows largely as a result of no repeat of investment disposal proceeds from the 2021 property sale and leaseback programme.

There were no acquisitions during the year ended 2022.

Net cash out flow from financing activities improved year on year by 20% because of the repayment of £23,064,213 of borrowings in the previous financial year following the successful sale and leaseback completed in the year ended 31 December 2021.

There were no sale and leaseback transactions during the year ended 2022.

Year-end cash balance was £8,521,181 which was an increase of £2,333,166 or 38% compared to the year ended 31 December 2021.

	2022	2021	Change
	£	£	%
Operating cash flows	29,253,299	25,144,170	16%
Net change in working capital	1,226,274	(10,499,711)	-112%
Tax received / (Paid)	(1,417,553)	143,567	-1087%
Net cash generated from operating activities	29,062,020	14,788,026	97%
Net cash flows from investment activities	(12,161,409)	(10,664,780)	14%
Net cash flows from financing activities	14,567,455	(19,300,035)	-26%
Net increase in cash and cash equivalents	2,333,166	(15,176,789)	-115%

Net assets

During the year ended 31 December 2022, net assets increased by £1,781,658 to £17,531,065.

Financing costs

Financing costs increased from £8,489,301 in 2021 to £11,421,939 in the year ended 31 December 2022. This was due to an increase of £2,931,205 in bank borrowing interest, a decrease of £723,548 of lease liability interest costs and an increase of £724,981 in other interest costs year on year.

The new term loan facility is at a higher interest charge than the previous facility. The new facility provides longer term security but with an increase in interest rates.

Net debt

	2022	2021	Change
	£	£	%
Cash	(8,521,181)	(6,188,015)	38%
Loans	38,528,260	40,652,186	(5%)
Hire purchase	3,510,903	8,494,988	(59%)
Invoice discounting facilities	14,013,698	12,613,297	11%
Corporation Tax	-	1,296,089	(100%)
Total net debt (Pre IFRS 16)	**47,531,680**	**56,868,545**	**(16%)**

Net debt on a pre IFRS 16 basis reduced significantly by £9,336,865 or 16% as shown in the above table. The reduction was largely as a result of £5,344,085 less Hire Purchase liability as new vehicles were replaced under contract hire arrangements, £2,333,166 more cash, £2,123,926 less loans, £1,400,401 more invoice discounting borrowings and £1,296,089 less corporation tax liability.

Principal risks and uncertainties

Financial Instruments

The Group's principal financial instruments comprise bank balances, invoice discounting facilities, trade creditors, trade debtors, right-to-use assets and lease liabilities, operating lease agreements, other loans and medium-term loans. The main purpose of these instruments is to finance the Group's operations. Due to the nature of the financial instruments used by the Group, there is exposure to price risk and exposure to interest rate risk. There are no interest rate hedge instruments in place within the Group. The Group's approach to managing other risks applicable to the financial instruments concerned is shown below.

- In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexible borrowing.
- Accounts receivable are managed in respect of credit and cash flow risk through policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Account payable liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.
- The Group is a lessee in respect of hire purchase and operating leased assets. The liquidity risk in respect of these is managed in the same way as accounts payable.
- Other loans are repayable on an agreed basis and carry fixed interest rate margins.
- There are no currency risks.

Other risks and uncertainties

The Directors can confirm that the group has full policies and procedures on dealing with matters arising from the Covid-19 and how it effects the business and its employees. The business has ensured that all Risk Assessments in relation to Covid-19 have been completed and continue to monitor all issues around Covid-19 as changes and updates occur.

The Directors have assessed the main risks to the group as being the availability of qualified drivers and resources to meet future growth, fuel price, driver wage costs, other cost inflation and the price sensitive nature of pallet network business.

The directors believe that these risks are mitigated by the continued efforts to maintain a competitive advantage through high customer service levels, increasing use of new technology, customer pricing reviews and policies to attract and retain high calibre staff.

The group makes little use of financial instruments other than an operational bank account and so its exposure to credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

Given the recent shift in the overall economic climate during 2022 and 2023 with significant increasing costs and some uncertainty around future activity the directors believe there is some price risk in the sector. This is being managed by ensuring customer prices are reviewed annually to pass through these operating costs, particularly with fuel and drivers which is mitigated with the operation of fuel and driver surcharges in a number of areas across the group.

During 2022 we also launched a group procurement initiative to utilise the combined buying power rather than sourcing suppliers locally. This involves prioritising our supplier spend by category and consolidating suppliers focusing on price and service offering and consolidating the number of suppliers and the number of invoices we have to process within our back office.

There are no other risks and uncertainties.

Financial Key Performance Indicators (KPIs)

The Group's financial KPI's focus on a number of critical areas. Gross margin and EBITDA remain the major factors in shaping the future success of the business.

Business liquidity runs in parallel with margins and is closely monitored through both debtor and creditor management. Other financial KPI's are as follows:

- Working capital analysis
- Cash flow forecasting
- Profit and loss forecasting
- Review of turnover: actual v forecast
- Analysis of overhead expenditure: actual v forecast

A brief analysis of the key performance indicators on a like-for-like basis is set out below:

	2022	2021
	£	£
Revenue	206,646,572	184,938,237
Gross Margin	25.3%	24%
EBITDA	30,104,427	30,216,816

*based on IFRS16 basis

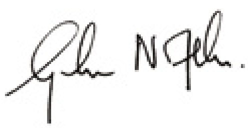
Other key performance indicators

Non-financial key performance indicators are numerous but centre on the following:

- MOT pass rates
- Employee workforce management
- Health & Safety Compliance

Local measurement of these KPIs is in place to ensure that targets are met.

This strategic report was approved by the board and signed on its behalf:



G R Norfolk
Director
Date: 27th September 2023

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2022. The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as in conformity with the requirements of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report, the Kinaxia Limited parent company accounts and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS) in relation to the Group accounts. Under Company law the directors must not approved the financial statements unless they are satisfied that they give a true and fair view of the state of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies for the Group's financial statements and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and Dividends

The profit for the year, after taxation, amounted to £1,781,656. (2021: £3,209,153) The directors do not recommend the payment of a final dividend (2021: £nil).

A review of the Group's activities for the year end and its future prospects is set out in the Group Strategic Report.

Directors

The directors who served during the year were:

G R Norfolk
P R Fields

Disabled persons

The Group's policy is that any vacancy which arises is open to disabled persons, provided that, after reasonable adjustments, they are able to fulfil the functions required by that job. Employees who have been injured or become disabled in the course of their employment are considered for other suitable vacancies.

Employee involvement

Employees are kept informed about the progress and position of the Group by means of regular newsletters, video communications, management communication presentations and departmental meetings.

Streamlined energy and carbon reporting

The Group's energy and carbon data for the year ended 31 December 2022 are set out in the Group Strategic Report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Reports is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all of the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

In April 2023 the Group increased its Invoice Discounting facility limit with HSBF from £17,250,000 to £20,000,000 following a review of its available headroom. At 31 December 2022 a balance of £12,806,559 was utilised from this facility.

In September 2023 225,000 D ordinary shares of £0.00001 each were cancelled at par, 1,438,542 E ordinary shares of £0.00001 each were issued at par in Kinaxia Limited and 1,438,542 F ordinary shares of £0.00001 each were issued at par in Kinaxia Limited to senior management within the group.

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The group has net current liabilities of £12,319,811 (2021: £56,010,993) at 31 December 2022 and generated a profit after tax of £1,781,656 (2021: £3,209,153) for the year ended 31 December 2022.

The decrease in net current liabilities at 31 December 2022 has been driven by the repayment of the previous loan facility agreement with Permira Debt Managers. This was due for repayment in December 2022 and therefore was presented in the previous year within Current liabilities in the balance sheet at 31 December 2021. This entire loan facility was repaid in March 2022 and replaced with a new facility.

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. To assist in this process, management has completed a budgeting process for the two years ending 31 December 2024, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements of the Group and the Company and compared them to the banking facilities and arrangements available.

Trading performance to the end of September 2023, for the year ending 31 December 2023, has been challenging given the current economic outlook with the group currently behind budget. To mitigate against the risks of economic downturn and inflation the business has implemented its annual price increases to customers. Focus on gross margin continues within the business across our three core divisions of Distribution, Primary and Logistics & Fulfilment.

Throughout the year, the business has been able to meet all of its cash requirements from operating cash flows.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2022 on a going concern basis.

Directors' statement of compliance with duty to promote the success of the Group

The Companies Act 2006 (CA2006) sets out a number of general duties which Directors owe to the Company and Group. New legislation has been introduced to help stakeholders better understand how the Directors have discharged their duty to promote the success of the Company and Group, while having regard to the matters set out in section 172(1)(a) to (f) of the CA2006 (s172 factors). In 2022 the Directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the Company on behalf of it's shareholders.

Whilst the directors have ultimate responsibility, Kinaxia Limited is run by the Group Directors and the Managing Directors of the operating subsidiaries who meet regularly to review and monitor the business performance of individual subsidiaries and the Group. It is the job of the local management teams to form relationships with business partners and engage with customers and key suppliers through a variety of channels. Knowledge gained from these interactions is then used to guide the decisions of individual businesses and shared to enhance and improve the long term reputation and profitability of the Group. Shareholder value remains at the core of all strategic decision making.

Employee communication is also made formally and informally on regular basis through noticeboards and a variety of other means. In the community, each individual subsidiary continually employs local skills and supports a variety of local causes.

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

G R Norfolk

Director
Date: 27th September 2023

Auditors report

Independent auditor's report to the members of Kinaxia Limited

Opinion

We have audited the financial statements of Kinaxia Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as adopted by the United Kingdom (IFRSs) in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the Group and the Company and its environment obtained during the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

- In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:
- The nature of the industry and sector in which the company operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the Company's policies and procedures for:
  - Identifying, evaluating, and complying with laws and regulations
  - Detecting and responding to the risks of fraud
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- The legal and regulatory framework in which the Company operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, and Anti-bribery and Corruption.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.

- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor' report.

Use of our report

The report is solely to the Company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hurst Accountants Limited.

John Glover,
Senior Statutory Auditor
Date: 27th September 2023

For and on behalf of
Hurst Accountants Limited
Chartered Accountants and Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD


Kinaxia
Logistics

Consolidated statement of comprehensive income

For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Continuing operations			
Revenue	5	**206,646,572**	184,938,237
Cost of sales		**(154,430,215)**	(140,477,308)
Gross profit		**52,216,357**	44,460,929
Administrative expenses		**(39,066,144)**	(41,248,202)
Exceptional items	13	**-**	7,973,752
Other operating income	6	**90,450**	563,922
Profit from operating activities	7	**13,240,663**	11,750,401
Income from fixed asset investments	9	**-**	6,370
Finance costs	10	**(11,421,939)**	(8,489,301)
Finance income	10	**1,558**	1,602
Profit for the financial year before taxation		**1,820,282**	3,269,072
Tax (expense)	12	**(38,626)**	(59,919)
Profit and total comprehensive income for the financial year attributable to the equity holders		**1,781,656**	3,209,153

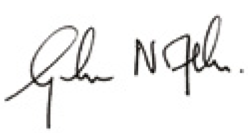
The accompanying notes form part of these financial statements.

Consolidated balance sheet

As at 31 December 2022 Registered number: 07466536

	Note	2022 £	2021 £
Assets			
Non-current assets			
Intangible assets	15	**51,052,320**	51,052,320
Property, plant and equipment	16	**15,941,155**	17,117,328
Right-of-use assets	22	**59,394,428**	71,652,507
Investments	14	**319,518**	319,519
Total non-current assets		**126,707,421**	140,141,674
Current assets			
Inventories	17	**661,266**	525,732
Trade and other receivables	18	**38,683,413**	44,805,374
Cash and cash equivalents	19	**8,521,181**	6,188,015
Total current assets		**47,865,860**	51,519,121
Total assets		**174,573,281**	191,660,795
Liabilities			
Current liabilities			
Borrowings	21	**14,013,698**	53,284,976
Trade and other payables	20	**32,150,331**	35,919,690
Lease liabilities	22	**14,021,642**	18,325,448
Total current liabilities		**60,185,671**	107,530,114
Borrowings	21	**38,528,260**	332,981
Trade and other payables	20	**898,209**	1,003,622
Lease liabilities	22	**56,596,896**	66,250,115
Provisions	24	**147,081**	147,081
Deferred tax	12	**686,099**	647,473
Total non-current liabilities		**96,856,545**	68,381,272
Total liabilities		**157,042,216**	175,911,386
Net assets		**17,531,065**	15,749,409
Equity			
Share capital	23	**244**	244
Share premium		**11,841,036**	11,841,036
Revaluation reserve		**484,000**	484,000
Retained earnings		**5,205,785**	3,424,129
Total equity attributable to the owners of the Company		**17,531,065**	15,749,409

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



G R Norfolk, Director
Date: 27th September 2023

Consolidated statement of changes in shareholders' equity

For the Year Ended 31 December 2022

	Note	Share Capital £	Share Premium Reserve £	Revaluation Reserve £	Retained Earnings £	Total Equity £
At 1 January 2021		**242**	**11,841,036**	**484,000**	**214,976**	**12,540,254**
Profit for the year		-	-	-	3,209,153	3,209,153
Total comprehensive income		**-**	**-**	**-**	**3,209,153**	**3,209,153**
Transactions with owners						
Shares issued		**2**	**-**	**-**	**-**	**2**
At 31 December 2021		**244**	**11,841,036**	**484,000**	**3,424,129**	**15,749,409**
Profit for the year		-	-	-	1,781,656	1,781,656
Total comprehensive income		-	-	-	**1,781,656**	**1,781,656**
At 31 December 2022		**244**	**11,841,036**	**484,000**	**5,205,785**	**17,531,065**

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
(Loss)/profit for the year		**1,781,656**	3,209,150
Adjustments for:			
Depreciation of property, plant and equipment	16	**3,486,945**	3,544,911
Amortisation of right-of-use assets	22	**12,865,484**	15,058,825
Profit on disposal of tangible assets	16, 22	**(339,793)**	(1,337,555)
Profit on disposal of right of use assets	13	**-**	(3,872,409)
Interest payable	10	**11,421,939**	8,489,301
Finance income	10	**(1,558)**	(1,602)
Dividend received from unlisted investment	9	**-**	(6,370)
Tax (income)/expense	12	**38,626**	59,919
Operating cash flows before movements in working capital		**29,253,299**	25,144,170
Decrease / (Increase) in inventories		**(135,534)**	(6,344)
Decrease / (Increase) in trade and other receivables		**3,819,026**	(6,550,741)
Increase / (Decrease) in trade and other payables		**(2,457,218)**	(1,241,401)
Profit on disposal of fixed asset investments	13	**-**	(2,701,225)
Cash generated by operations		**30,479,573**	14,644,459
Income tax (paid)/recieved		**(1,417,553)**	143,567
Net cash generated from operating activities		**29,062,020**	14,788,026
Cash flows from investing activities			
Purchase of right of use assets	22	**(9,284,611)**	(25,346,640)
Acquisition of property, plant and equipment	16	**(1,771,952)**	(4,305,672)
Proceeds from disposal of fixed assets		**2,506,106**	12,809,539
Net proceeds from disposal of fixed asset investment		**-**	10,506,079
Interest received		**1,558**	1,602
Lease interest paid	22	**(3,612,510)**	(4,336,058)
Dividends received		**-**	6,370
Net cash used in investing activities		**(12,161,409)**	(10,664,780)
Cash flows from financing activities			
New borrowings raised		**42,900,401**	901,148
New leases	22	**9,284,611**	26,582,872
Interest paid on borrowings		**(7,809,429)**	(4,153,243)
Repayment of bank borrowings		**(41,673,466)**	(23,064,213)
Repayments of lease capital	22	**(17,269,562)**	(19,566,599)
Net cash used in financing activities		**(14,567,455)**	(19,300,035)
Net increase in cash and cash equivalents		**2,333,166**	(15,176,789)
Cash and cash equivalents at 1 January 2021		**6,188,015**	21,364,804
Cash and cash equivalents at 31 December 2021		**8,521,181**	6,188,015

Notes to the Financial Statements

For the Year Ended 31 December 2022

1. GENERAL INFORMATION

Kinaxia Limited is a Company limited by members capital (the "Company") incorporated in England and Wales under the Companies Act 2006. The address of the registered office and principal place of business is Kinaxia Adlington Business Park, Adlington, Macclesfield, Cheshire, SK10 4NL. The principal activity of the Group is the provision of logistics services. The nature of the Company's operation and principal activity is that of a holding Company.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2022 and the comparative year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the Group's principal accounting policies is set out below. These policies have been applied consistently to all the years presented.

Authorisation of financial statements

The Group's financial statements for the year ended 31 December 2022 were authorised for issue by the board of directors on 27th September 2023 and the Balance Sheet was signed on the board's behalf by Graham Norfolk, a director.

Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated financial statements are presented in GBP which is also the Group's functional currency. The Company financial statements are presented in GBP and have been prepared in accordance with FRS 102 and are on page 82-90.

Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except intangible assets acquired in business combinations which are measured at fair value.

The Directors have considered the fair value of all debtors and creditors and have determined that their fair values equate to their carrying values.

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The group has net current liabilities of £12,319,811 (2021: £56,010,993) at 31 December 2022 and generated a profit after tax of £1,781,656 (2021: £3,209,153) for the year ended 31 December 2022.

The decrease in net current liabilities at 31 December 2022 has been driven by the repayment of the previous loan facility agreement with Permira Debt Managers. This was due for repayment in December 2022 and therefore was presented in the previous year within Current liabilities in the balance sheet at 31 December 2021. This entire loan facility was repaid in March 2022 and replaced with a new facility

In determining the appropriate basis of preparation of these financial statements, the

Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. To assist in this process, management has completed a budgeting process for the two years ending 31 December 2024, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements of the Group and the Company and compared them to the banking facilities and arrangements available.

Trading performance to the end of September 2023, for the year ending 31 December 2023, has been challenging given the current economic outlook with the group currently behind budget. To mitigate against the risks of economic downturn and inflation the business has implemented its annual price increases to customers. Focus on gross margin continues within the business across our three core divisions of Distribution, Primary and Logistics & Fulfilment.

Throughout the year, the business has been able to meet all of its cash requirements from operating cash flows.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2022 on a going concern basis.

Basis of Consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2022. Subsidiaries, which are entities controlled by the Group, are consolidated from the date of their acquisition, being the date on which the Group obtains control. Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the Company and are based on consistent accounting policies. All intra-Group balances and transactions, including unrealised profits arising from them, are eliminated in full.

Segmental Reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other segments. The directors have considered the different business activities undertaken by the Group. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors to assess performance and allocate capital or resources. All of the Group's activities are undertaken in the United Kingdom and therefore the Group considers it operates in one geographical segment.

Revenue Recognition

Revenue from services rendered is recognised in the income statement on the delivery of those services based on the proportion of the total delivered that can be reliably measured at the balance sheet date. Where payments are received in advance of revenue being recognised, they are included as deferred income. Where revenue is recognised in advance of amounts being invoiced it is reported as accrued income. Where a contract contains elements of variable consideration, the Group will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise as a result of incentives, performance bonuses, penalties or other similar items. Variable consideration is recognised only to the extent that it is highly probable that the economic benefit will transfer to the Group.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales with the Group. The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity.

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from services rendered with revenue recognised at the point when the service is delivered, and the Group has performed its contractual obligations. Invoicing varies by contract but is typically in line with the work performed.

Determining the transaction price

The majority of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. No element of financing is deemed present because revenue is made with credit terms which are consistent with industry practice.

Allocating amounts to performance obligations

The majority of the Group's revenue is derived from fixed price contracts and therefore this is no judgement in allocating the contract price.

Pension Contributions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Government Grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The unrecognised deferred tax asset relates to losses carried forward.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill representing the excess of the fair value of the consideration transferred ("cost") over the fair value of the Group's share of the identifiable assets acquired is capitalised and reviewed annually for impairment.

Cost comprises the fair value of assets acquired, liabilities assumed, and equity instruments issued, plus the amount of amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense. Goodwill is measured at cost less accumulated impairment losses.

Impairment of Goodwill

Impairment tests on goodwill are performed annually at the financial year end. Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from cash generating units and suitable discount rate in order to calculate present value. Any impairment of goodwill is charged to the Group income statement.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any recognised impairment losses.

Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Items of property, plant and equipment are depreciated from the date that they are available for use. Depreciation is charged so as to write off the cost less residual value of the assets over their estimated useful lives, using the reducing balance method, on the following bases:

- Freehold property - Straight line – over the term of the lease
- Plant and machinery – Straight line - over 5 or 10 years
- Motor vehicles – 20% - 25% reducing balance
- Fixtures and fittings – Straight line - over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Incremental borrowing rate (IFRS 16)

In accordance with IFRS 16, lease liabilities on the balance sheet are measured at the present value of future lease payments, which are discounting using the incremental borrowing rate. Estimation is required when determining the incremental borrowing rate, the calculation of which is based on the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The basis of the calculation was the existing external borrowings held by the Group, which were adjusted to reflect the terms of the leases held by the Group.

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, e.g. trade receivables. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances together with bank overdrafts that are repayable on demand.

Financial liabilities

Financial liabilities include the following items:

- The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Leased assets

The accounting policy for leases and right of use assets is set out in note 22.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined based on the expected future cash flows. When it has a material effect, these are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of any discount is recognised as a finance cost.

Dividends

Dividends receivable by the Company are recognised in the income statement if they are declared, appropriately authorised and no longer at the discretion of the entity paying the dividend, prior to the balance sheet date. Dividends payable by the Company are recognised when declared and therefore final dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date. Dividends paid to shareholders are shown as a movement in equity.

Finance income and costs

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Valuation of investments

Investments in unlisted shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

New Accounting Standards

The directors have considered all new and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Reporting Interpretations Committee (IFRIC). There are no material adjustments required to be made to the Group's consolidated financial statements as a result.

The Group have adopted four new standards that have impacted the financial statements for the year ended 31 December 2022:

- Amendments to IAS 16 - Property, plant and equipment (proceeds before intended use)
- Amendments to IAS 37 - Onerous contracts (the cost of fulfilling a contract)
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (annual improvements to IFRS 2018-2020)
- Amendments to IFRS 3 - References to conceptual framework

Amendments to IAS 16 - Property, plant and equipment (proceeds before intended use)

The amendment to IAS 16 restricts entities from subtracting any proceeds derived from the sale of samples or other items generated during the preparation for the asset's intended use, from the cost of the property, plant, or equipment item.

The proceeds from selling such items or samples, together with the costs of producing them, are now recognised in profit or loss. These amendments had no impact on the year-end consolidated financial statements of the Group.

Amendments to IAS 37 - Onerous contracts (the cost of fulfilling a contract)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Group does not have any onerous contracts.

Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (annual improvements to IFRS 2018-2020)

- IFRS 1: Subsidiary as a first-time adopter (FTA)
- IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities
- IFRS 16: Clarity on lease incentives
- IAS 41: Taxation in fair value measurements

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

New standards, interpretations, and amendments not yet effective

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	Mandatory effective date (period beginning)
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 16 – Liability in a sale and leaseback	1 January 2024
Amendments to IAS 1 (Presentation of financial statements) – Non-current liabilities with covenants	1 January 2024
Amendments to IAS 1 (Presentation of financial statements) clarity on when liabilities should be classified as current or non current	1 January 2024

The Group does not currently expect the adoption of the above standards and amendments listed will have a significant effect on the consolidated results or financial performance of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are outlined below.

Impairment reviews

The Directors reviews the useful economic lives and residual values attributed to assets on an ongoing basis to ensure they are appropriate and performs an annual impairment review of goodwill and impairment reviews on tangible and other intangible assets (other than goodwill) when there are indicators of impairment. The recoverable amount is the greater of the net selling price and value in use, where value in use is determined by discounting the future cash flows generated from the continuing use of the unit. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (note 15).

Incremental borrowing rate (IFRS 16)

In accordance with IFRS 16, lease liabilities on the balance sheet are measured at the present value of future lease payments, which are discounted using the incremental borrowing rate. Estimation is required when determining the incremental borrowing rate, the calculation of which is based on the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The basis of the calculation was the existing external borrowings held by the Group, which were adjusted to reflect the terms of the leases held by the Group.

Estimated value of provisions

These estimates, by their nature, tend to involve judgement in respect of the current knowledge pertaining to a future event and as such the actual cash flows and the timing of those cash flows may be different. To the extent that it is practicable, independent third-party assessments are sought in order to corroborate these judgements. As at 31 December 2022 the Group has provisions relating to dilapidation costs of £147,081 (2021: £147,081).

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Interest rate cash flow risk from variable rate bank loans
- Funding and liquidity risk
- Credit risk from trade receivables

In the process of managing these financial risks, the Group uses the following financial instruments:

- Cash at bank
- Bank loans and overdrafts
- Trade receivables
- Trade and other payables
- Finance leases and hire purchase agreements
- Invoice discounting facilities

The Group's overall risk management programme focuses on reducing financial risk as much as possible and therefore seeks to minimise potential adverse effects on the Group's financial performance. Policies and procedures for managing these risks are set by the Board and are summarised below. Further quantitative information in respect of these risks is presented throughout these financial statements.

Interest Rate Risk

The Group is exposed to movements in interest rates on its borrowings and this risk is controlled by managing the proportion of fixed to variable rates within limits. The Group uses a mixture of fixed and variable rate loan and finance lease facilities in order to mitigate its interest rate exposure. The Group estimates that a rise of 0.5% in interest rates would have reduced pre-tax profits by approximately £262,000 for the year ended 31 December 2022 (2021: £206,000).

Funding and liquidity risk

The Group finances its operations by a combination of equity, bank loans, other loans, leases, working capital and retained profits. The Group undertakes short term cash forecasting to monitor its expected cash flows against its cash availability and finance facilities. The Group also undertakes longer term cash forecasting to monitor its expected funding requirements in order to meet its current business plan, in the context of its existing facilities and to identify any requirement for future funding facilities. The Group monitors its current and forecast financial performance against its banking covenants to ensure that it remains compliant with their requirements. The Group also maintains an active dialogue with a wide range of finance providers in order to ensure that it is aware of all possible sources of finance when it is assessing the availability and cost of providing for the funding requirements in the current business plan as well as future acquisitions.

Credit Risk

The Group is exposed to credit risk with respect to trade receivables due from its customers. The Group carries to procedures to assess the credit risk of new customers before entering into new contracts, sets credit limits accordingly and monitors outstanding balances in accordance with these. The Group takes a prudent view in assessing the risk of non-payment and considers provision for all debts more than 3 months in arrears unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older debts.

Capital Management

Capital comprises share capital, share premium, retained earnings and borrowing facilities.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group has also secured finance facilities that contain sufficient headroom to allow for business growth in the event that market volumes significantly change, or increased turnover is obtained through organic growth or acquisition.

Financial instruments

The other numerical disclosures required by IFRS 7 'Financial Instruments: Disclosures' in relation to financial instruments are included in notes 18, 19, 20 and 21.

Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities are determined to be equivalent to their book values. The Group uses a fair value hierarchy for determining and disclosing the fair values of financial instruments by valuation technique, in accordance with IFRS 13. All of the financial instruments held by the Group are included in the level 2 hierarchy, other than cash which has been included in the level 1 hierarchy.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has three main revenue streams:

- Distribution (formerly known as general haulage and distribution) - representing general transport and haulage services
- Primary (formerly known as linehaul) – representing provision of trunking services for certain customers using regular routes
- Logistics (formerly known as warehousing) – representing provision of warehousing services

All revenue arose within the United Kingdom and relates to the principal activity of the Group. Therefore the group considers that it operates in one geographical segment.

Revenues

The Group operates entirely in the United Kingdom and therefore a disaggregation on a geographical basis is not provided. Revenue has been disaggregated based on services provided. Unless stated, the revenue streams are recognised at a point in time.

	2022 **£**	2021 £
Distribution	**121,302,298**	114,012,346
Primary	**40,627,835**	36,332,350
Logistics (income recognised over a period of time)	**44,716,439**	34,593,541
	206,646,572	184,938,237

Contract balances

Details of contract balance assets and liabilities are shown on trade receivables and trade payables (see notes 18 and 20).

6. OTHER OPERATING INCOME

	2022 **£**	2021 £
Other operating income	**90,450**	50,137
Government grants receivable	**-**	513,785
	90,450	563,922

Other operating income arises largely from rental income of surplus property space. Government grants receivable relate to the Coronavirus Job Retention Scheme.

7. PROFIT FROM OPERATING ACTIVITIES

	2022 £	2021 £
This is stated after charging/(crediting) the following		
Employee benefit costs (note 11)	**57,469,031**	57,606,011
Cost of inventories recognised as expense	**35,095,742**	24,756,941
Foreign exchange loss/(gain)	**342,257**	(5,135)
Defined contribution scheme (note 11)	**1,552,346**	1,383,869
Depreciation of property, plant and equipment	**3,486,945**	3,544,911
Amortisation of right of use assets (note 22)	**12,865,484**	15,058,825
Gain on disposal of property, plant and equipment	**(310,884)**	(1,397,878)

8. AUDITOR'S REMUNERATION

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**146,180**	133,045
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	**30,708**	27,760
All other services	**24,445**	11,860
	55,153	39,620

Auditors' fees for the company were £9,320 (2021: £4,200).

9. INCOME FROM FIXED ASSET INVESTMENTS

	2022 £	2021 £
Dividends received from unlisted investments	**-**	6,370

10. FINANCE INCOME AND COSTS

	2022 £	2021 £
Interest expense:		
Bank borrowings	**7,064,848**	4,133,643
Interest expense on lease liabilities	**3,612,510**	4,336,058
Other interest	**744,581**	19,600
Finance cost	**11,421,939**	8,489,301
Finance income		
Bank interest receivable	**1,558**	1,602

11. EMPLOYEES AND DIRECTORS

	2022 No.	2021 No.
Average number of employees (including executive directors)		
Managerial and administrative	**312**	358
Drivers and warehouse	**1,414**	1,336
	1,726	1,694

Staff costs for the Group during the year		
Wages and salaries	**57,469,031**	52,852,641
Social security costs	**5,774,532**	4,753,370
Other pension costs	**1,552,346**	1,383,869
Total remuneration	**64,795,909**	58,989,880

Directors' remuneration

During the year, 2 directors received emoluments from the Group totalling £93,046 (2021: £83,294). During the year, retirement benefits were accruing to no directors (2021: none).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, including the directors of the Company. The total compensation paid to key management including pension contributions was £2,377,510 (2021: £2,116,901).

12. TAXATION

The charge for taxation on the profit for the financial year is as follows:

	2022 £	2021 £
Current tax		
UK Corporation tax	**-**	537
Adjustments in respect of previous periods	**-**	(145,381)
Total current tax	**-**	(144,844)
Deferred tax		
Reversal of timing differences	**38,626**	204,763
Total taxation for the financial year	**38,626**	59,919

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled as follows:

12. TAXATION (Continued)

Reconciliation of taxation charge	**2022** **£**	2021 £
Profit on ordinary activities before tax	**1,820,282**	3,269,072
Tax on profit/(loss) on ordinary activities at 19% standard rate of tax (2020: 19%)	**345,854**	621,124
Non-deductible income & expenses	**(406,756)**	(305,074)
Capital allowances in excess of depreciation	**(51,769)**	(745,956)
Dividends from UK companies	**(2,995)**	(830)
Other differences	**(4,756)**	39,176
Tax credit in respect of prior periods	**(697)**	(145,381)
Utilisation of loss relief	**(6,319)**	-
Chargeable gains	**-**	596,860
Effects of changes in tax rates	**166,064**	-
Total taxation (credit)/charge	**38,626**	59,919

Deferred tax liability

At 1 January 2022	**647,473**	879,211
Charge / (credit) to profit or loss	**38,626**	204,763
Disposal of subsidiary	**-**	(436,501)
At 31 December 2022	**686,099**	647,473
Comprising:		
Accelerated capital allowances	**841,831**	694,655
Other timing differences	**(53,683)**	(47,182)
Losses carried forward	**(102,049)**	-
	686,099	647,473

The group has unutilised tax losses of £nil (2021: £nil.).

Factors that may affect future tax expenses

The main rate of corporation tax increased to 25% in the tax year commencing 1 April 2023 for companies where profits exceed £250,000. A tapered rate has been introduced for profits above £50,000 up to the £250,000 limit.

13. EXCEPTIONAL ITEMS

	2022 **£**	2021 £
Profit on disposal of subsidiaries	**-**	2,701,225
Profit on disposal of right of use asset	**-**	3,872,409
Profit on disposal of property	**-**	1,400,118
	-	7,973,752

13. EXCEPTIONAL ITEMS (continued)

The investments in Urban Logistics K Holdings Limited (formerly David Hathaway Holdings Limited) and Urban Logistics K Properties Limited (formerly David Hathaway Properties Limited) were disposed of in February 2021 realising a gain of £2,701,225.

During the prior year, the Group exercised an option to exit a lease agreement and the right of use asset disposed. This had been part of a sale and leaseback transaction in 2020 and the resulting £3,872,409 deferred profit on disposal has been released to the profit and loss account.

During the prior year, a number of properties were disposed of as part of a sale and lease back agreement. The profit on disposal of these properties was £1,400,118.

14. FIXED ASSET INVESTMENTS

Group	**Unlisted investments**	
	2022 **£**	2021 £
Cost and net book value		
At 1 January and 31 December 2022	**319,518**	319,518

Unlisted investments are measured at cost less any impairment charges, as their fair value cannot currently be estimated reliably. Impairment charges are recognised in the Statement of Comprehensive Income.

15. INTANGIBLE ASSETS

Group	**Goodwill** **£**
Cost	
At 1 January 2022	**51,052,320**
Additions	**-**
At 31 December 2022	**51,052,320**
Accumulated amortisation and impairment	
At 1 January 2022	-
Impairment losses	-
At 31 December 2022	-
Net book value	
At 31 December 2022	**51,052,320**
31 December 2021	51,052,320

15. INTANGIBLE ASSETS (continued)

Goodwill is considered to have an indefinite life because there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group. Factors taken into consideration in this judgement are the long period over which the businesses acquired have been established and the longevity of the industries in which the Group operates. Goodwill has been allocated to cash generating units (CGUs), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. This allocation is shown in the table below:

Goodwill carrying amount

	2022	2021
	£	£
William Kirk Limited	**37,774**	37,774
Bay Freight Limited	**2,599,148**	2,599,148
N C Cammack & Son Limited	**717,398**	717,398
Foulger Transport Limited	**5,549,111**	5,549,111
Lambert Brothers Haulage Limited	**5,488,127**	5,488,127
Panic Transport (Contracts) Limited	**6,659,790**	6,659,790
A J Maiden & Son Limited	**1,914,686**	1,914,686
Mark Thompson Transport Limited	**7,891,172**	7,891,172
AKW Group Limited	**14,109,014**	14,109,014
Fresh Freight Limited	**1,132,861**	1,132,861
David Hathaway Holdings Limited	**4,953,239**	4,953,239
	51,052,320	51,052,320

The recoverable amount of goodwill is determined from value-in-use calculations, which are prepared for each CGU and used budgeted cash flows for year one and cash flow projections for years 2 and 3. Terminal cash flows are based on year 3, assumed to grow perpetually at 0%. The key assumptions forming inputs to cash flows are in revenues and margins. Future revenues have been assessed by reference to existing contracts and an estimate of market volumes, which in turn have been assessed through ongoing discussions with customers, an assessment of the expected trends in wider economic factors and management's knowledge of each CGU. Margins have been assumed to remain broadly at existing levels. All forecasts have been discounted at a post-tax discount rate of 10%. No impairment losses have been recognised in the year. Management believes that no reasonable adjustment to the discount rate or projected margins would cause the carrying value of any CGU to exceed its recoverable amount.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2021	16,329,472	6,361,969	9,211,322	3,378,056	35,280,819
IFRS 16 reclassification	-	1,134,441	2,569,800	322,927	4,027,168
Additions	381,255	1,232,241	889,630	1,802,546	4,305,672
Disposals	(4,986,884)	(1,592,764)	(6,021,748)	(19,186)	(12,620,582)
Disposals on sale of subsidiary	(8,350,000)	-	-	-	(8,350,000)
At 1 January 2022	**3,373,843**	**7,135,887**	**6,649,004**	**5,484,343**	**22,643,077**
IFRS 16 reclassification	-	2,425,650	3,216,791	-	5,642,441
Additions	432,537	484,023	54,186	801,206	1,771,952
Disposals	(3,505)	(1,241,187)	(5,502,550)	(351,809)	(7,099,051)
Reclassification	291,659	785,042	1,186,596	(2,263,297)	-
At 31 December 2022	**4,094,534**	**9,589,415**	**5,604,027**	**3,670,443**	**22,958,419**
Depreciation					
At 1 January 2021	1,343,656	2,715,754	2,061,098	550,986	6,671,494
IFRS 16 reclassification	-	621,065	1,845,545	293,827	2,760,437
Charge in the year	152,943	951,895	1,765,343	674,730	3,544,911
Disposals	(717,629)	(1,362,161)	(5,197,915)	(6,389)	(7,284,094)
Disposals on sale of subsidiary	(167,000)	-	-	-	(167,000)
At 1 January 2022	**611,970**	**2,926,553**	**474,071**	**1,513,154**	**5,525,784**
IFRS 16 reclassification	-	1,454,009	2,396,785	-	3,850,794
Charge in the year	175,688	1,161,251	1,265,441	866,565	3,468,945
Disposals	(2,841)	(1,130,502)	(4,348,771)	(346,109)	(5,828,223)
Reclassification	255,587	52,351	1,321,566	(1,629,504)	-
At 31 December 2022	**1,040,404**	**4,463,662**	**1,109,092**	**404,106**	**7,017,264**
Net book value					
At 31 December 2022	**3,054,130**	**1,468,837**	**8,151,851**	**3,266,337**	**15,941,155**
At 31 December 2021	2,761,873	4,209,334	6,174,932	3,971,189	17,117,328

Assets arising from leases where the Group is a lessee have been accounted for under IFRS 16 and are held within Right-to-use assets (see note 22).

17. INVENTORIES

Group	2022 £	2021 £
Fuel, tyres and spares	**661,266**	525,732

There is no impairment provision in respect of inventories. Inventories represent the value of fuel, tyres and spares supplies as at 31 December 2022. Purchases of these goods during the year are charged directly to the Consolidated Statement of Comprehensive Income and as such the value of inventories expensed or credited to the Consolidated Income Statement during the year represents the difference between the opening and closing balances.

18. TRADE AND OTHER RECEIVABLES

Group	2022 £	2021 £
Current		
Trade receivables	**30,941,156**	34,581,131
Less: provision for impairment of trade receivables	**(64,053)**	(19,982)
	30,877,103	34,561,149
Other debtors	**879,328**	1,400,044
Prepayments and accrued income	**6,926,982**	8,844,179
	38,683,413	44,805,374

The fair value of trade and other receivables approximates to book value at 31 December 2022 and 2021.

The ageing of trade receivables and associated provision for impairment is detailed below:

	2022 Trade receivables £	Provision for impairment £	2021 Trade receivables £	Provision for impairment £
Current	**18,334,587**	**-**	19,231,323	-
Overdue less than 1 month	**11,018,909**	**-**	12,498,415	-
Overdue 1-2 months	**1,424,496**	**-**	2,148,850	-
Overdue more than 2 months	**163,164**	**(64,053)**	702,543	(19,982)
	30,941,156	**(64,053)**	34,581,131	(19,982)

There are no significant receivables included within this provision.

18. TRADE AND OTHER RECEIVABLES (continued)

Movements on the Group's provision for impairment of trade receivables are as follows:

	2022	2021
	£	£
At 1 January 2022	**(19,982)**	(56,946)
Receivable written off during the year as uncollected	**11,807**	38,772
Provision for amount considered at risk of non-collection	**(64,729)**	(27,881)
Release of provision following collection of items previously provided for	**8,851**	26,073
At 31 December 2022	**(64,053)**	(19,982)

The movement on the provision for impaired receivables has been included in administrative expenses in the accounts. Other classes of financial assets included within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above. The Group did not hold any interest swaps or forward foreign exchange contracts at the year end.

19. CASH AND CASH EQUIVALENTS

Group	**2022**	2021
	£	£
Cash at bank available on demand	**8,521,181**	6,188,015

20. TRADE AND OTHER PAYABLES

Group	**2022**	2021
	£	£
Current		
Trade payables	**15,073,353**	17,127,783
Other taxes and social security	**6,423,748**	7,498,308
Corporation tax payable	**(121,464)**	1,296,089
Accruals and deferred income	**8,368,816**	5,416,480
Other payables	**2,405,878**	4,581,030
	32,150,331	35,919,690

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 36 days *(2021: 45 days)*.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Group	**2022**	2021
	£	£
Non-current		
Other payables	**898,209**	1,003,622

21. BORROWINGS

Group	2022 £	2021 £
Total current		
Bank overdraft	-	19,493
Bank loans	-	40,652,186
Invoice discounting facilities	**14,013,698**	12,613,297
	14,013,698	53,284,976
Total non-current		
Bank loans	**38,528,260**	332,981
	38,528,260	332,981

During the year ended 31 December 2015, a facility agreement was entered into with lenders for £25,000,000 in order to finance acquisitions and to repay all invoice discounts and hire purchase liabilities of the Group. This loan is secured by means of a fixed and floating charge against the assets of the Group. This loan is repayable in full on the fifth anniversary of the first acquisition to be executed following the loan being entered into, with interest being charged at 8% plus LIBOR per annum. On 30 April 2019, the loan arrangements were further amended and increased to £76,100,000

The maturity of the loan was extended in February 2017 to March 2022 and the interest rate reduced to 6.5%. In December 2021 the maturity of the loan was extended to 31 December 2022.

In February 2021, the Group successfully completed a sale and leaseback of three freehold property sites across the UK. This enabled the repayment of £23.0 million in term debt.

Arrangement fees of £1,804,560 were netted off against the amended loans. During the year, arrangements fees of £nil (2021: £457,075) were amortised through the Consolidated Statement of Comprehensive Income

In March 2022 the loan facility was refinanced and replaced with a new £41.5m listed loan note facility, secured by a fixed and floating charge against the assets of the group. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met. Interest is being charged at 12.75% plus SONIA per annum and is repayable quarterly.

Arrangement fees of £5,668,630 were netted off against the amended loans. During the year, arrangements fees of £1,574,619 (2021: £nil) were amortised through the Consolidated Statement of Comprehensive Income

Invoice discounting facilities are secured on certain book debts of the Group.

21. BORROWINGS (continued)

The maturity profile of the financial liabilities as at 31 December 2022 is set out below:

Group	2022 £	2021 £
Due within 1 year		
Bank loans and overdrafts	**-**	40,671,679
Invoice discounting facility	**14,013,698**	12,613,297
Due between 2 and 5 years		
Bank loans	**38,528,260**	292,326
Due after 5 years		
Bank loans	**-**	40,655
	52,541,958	53,617,957

22. LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- the amount expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that point.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the leases;
- initial direct costs incurred;
- the amount of any provision recognised where the group is contractually required to dismantle, remove, or restore the leased asset.

22. LEASES (continued)

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Right-of-use assets	**Freehold property £**	**Plant, machinery and motor vehicles £**	**Total £**
At 1 January 2021	46,211,294	24,050,299	70,261,593
Additions	20,549,949	4,796,691	25,346,640
Disposals	(3,336,867)	(4,293,303)	(7,630,170)
Transfer to fixed assets	-	(1,266,732)	1,266,732
Amortisation	(7,993,245)	(7,065,580)	15,058,825
At 31 December 2021	**55,431,132**	**16,221,375**	**71,652,507**
At 1 January 2022	55,431,132	16,221,375	71,652,507
Additions	1,604,413	7,680,198	9,284,611
Disposals	(4,805,497)	(2,080,062)	6,885,559
Transfer to fixed assets	-	(1,791,647)	1,791,647
Amortisation	(7,116,630)	(5,748,854)	12,865,484
At 31 December 2022	**45,113,418**	**14,281,010**	**59,394,428**

Leases

At 1 January 2021	60,304,474	22,621,901	82,926,375
Additions	21,950,068	4,632,803	26,582,871
Disposals	(5,367,084)	-	(5,367,084)
Interests	3,466,401	869,657	4,336,058
Lease payments	(11,085,827)	(12,816,830)	(23,902,657)
At 31 December 2021	**69,268,032**	**15,307,531**	**84,575,563**
At 1 January 2022	69,268,032	15,307,531	84,575,563
Additions	1,604,413	7,680,198	9,284,611
Disposals	(5,937,207)	(34,868)	5,972,075
Interests	2,791,450	821,060	3,612,510
Lease payments	(11,010,807)	(9,871,264)	(20,882,071)
At 31 December 2022	**56,715,881**	**13,902,657**	**70,618,538**

22. LEASES (continued)

Ageing	Within 1 year £	Due between 1 and 5 years £	Due after 5 Years £	Total £
At 31 December 2022	14,021,642	34,976,053	21,620,843	70,618,538
At 31 December 2021	18,325,448	40,124,643	26,125,472	84,575,563

Minimum undiscounted lease payments	Within 1 year £	Due between 1 and 5 years £	Due after 5 Years £	Total £
At 31 December 2022	18,931,736	44,080,270	26,978,500	89,990,506
At 31 December 2021	20,436,217	51,312,866	27,308,892	99,057,975

23. SHARE CAPITAL

Group	2022 £	2021 £
Allotted, called up and fully paid		
4,961,748 Ordinary shares of £0.00001 each	50	50
9,000,000 Ordinary A shares of £0.00001 each	90	90
100 Ordinary B shares of £1 each	100	100
203,214 Ordinary C shares of £0.00001 each	2	2
225,000 Ordinary D shares of £0.00001 each	2	2
	244	244

The Ordinary B shares of £1 carry no voting rights or rights to dividends. The Ordinary C and Ordinary D shares of £0.00001 carry no voting rights. The holders of the Ordinary shares of £0.00001, the Ordinary A shares of £0.01 and Ordinary C and Ordinary D shares of £0.00001 are not entitled to dividends until certain financial liabilities are repaid in full.

24. PROVISIONS

Group	Dilapidations £
Non-current	
At 1 January 2022	**147,081**
Released in the year	-
At 31 December 2022	**147,081**

The Group has made a provision for the dilapidation costs relating to leased premises as stated in the lease agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

25. RELATED PARTY TRANSACTIONS

Group

The Group has a related party relationship with its subsidiaries and with its key management personnel, who are considered to be its directors. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed in this note. All related party transactions are conducted on an arm's length basis. The transactions entered into between the Group and related parties were as follows:

2022		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Acorn Capital Partners Limited	a	-	202,644	-	-
Mondil Limited	b	-	150,000	-	-
Motzab Limited	c	-	189,868	-	-
B&L Partnership Limited	c	-	144,000	-	-
Foulger Warehousing Limited	c	12,694	521,807	5,500	3,862
Cammack Properties Limited	d	2,302	78,058	430	16,336
Partnerlink Limited	e	92,273	-	7,459	-
Margaret Hall Limited	f	26,345	-	1,920	-
Lintz Green Farms Limited	g	65	-	78	-

25. RELATED PARTY TRANSACTIONS (continued)

2021		Sales to related party £	Purchases from related party £	Balance owed by related party £	Balance owed to related party £
Acorn Capital Partners Limited	a	-	163,226	-	-
Mondil Limited	b	-	154,167	-	-
Motzab Limited	c	-	189,868	-	-
B&L Partnership Limited	c	-	158,700	-	14,400
Foulger Warehousing Limited	c	-	451,938	-	-
Cammack Properties Limited	d	5,685	78,058	572	14,680
Partnerlink Limited	e	91,809	9,289	23,268	-
Margaret Hall Limited	f	15,311	-	-	-
Lintz Green Farms Limited	g	-	2,315	-	-
PB Designs and Development Limited	h	69,235	-	14,284	-

The nature of the relationship and the transactions entered into with the related parties are:

a) G Norfolk, a director, is also a director and shareholder of Acorn Capital Partners Limited.

b) P Fields, a director, is also a director and shareholder of Mondil Limited.

c) B Germany, a director of Foulger Transport Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Motzab Limited, Foulger Warehousing Limited, and B & L Partnership Limited.

d) J Cammack, a director of N C Cammack & Son Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Cammack Properties Limited.

e) Wholly owned subsidiary companies David Hathaway Transport Ltd and AKW Global Logistics are directors and shareholders of Partnerlink Limited.

f) G Norfolk and P Norfolk, directors, are also directors and shareholders of Margaret Hall Limited.

g) D Quigley, a director of Fresh Freight Limited, which is a wholly owned subsidiary of Kinaxia Limited, is also a director and shareholder of Lintz Green Farm Limited.

h) M Crocker, a director of David Hathaway Transport Limited, which is a wholly owned subsidiary of Kinaxia Limited, is a close family member of a director of PB Design and Development Limited

Key management personnel

Details of the compensation of the key management personnel have been disclosed in note 11.

26. COMMITMENTS

Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,552,346 (2021: £1,383,869). Contributions totalling £202,904 (2021: £245,321) were payable to the fund at the balance sheet date.

27. POST BALANCE SHEET EVENTS

In April 2023, the Group increased its Invoice Discounting facility limited with HSBC from £17,250,000 to £20,000,000 following a review of its available headroom. At 31 December 2022 a balance of £14,013,698 was utilised from this facility.

In September 2023 225,000 D ordinary shares of £0.00001 each were cancelled at par, 1,438,542 E ordinary shares of £0.00001 each were issued at par in Kinaxia Limited and 1,438,542 F ordinary shares of £0.00001 each were issued at par in Kinaxia Limited to senior management within the group.

28. CONTROLLING PARTY

There is no overall controlling party.

29. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
At 1 January 2021	61,841,340	13,940,382	75,781,722
Cash flows	(61,508,358)	38,096,370	(23,411,988)
Non-cash flows	-	-	-
At 1 January 2022	332,982	52,036,752	52,369,734
Cash flows	38,195,278	(38,023,054)	172,224
Non-cash flows	-	-	-
At 31 December 2022	**38,528,260**	**12,013,698**	**52,541,958**

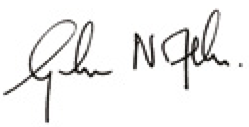
Company balance sheet

As at 31 December 2022 Registered Number: 07466536

	Notes	2022 £	2021 £
Assets			
Non-current assets			
Investments	5	**8,714,365**	8,714,365
Total non-current assets		**8,714,365**	8,714,365
Current assets			
Trade and other receivables	6	**9,728,829**	9,549,638
Cash and cash equivalents	7	**47,721**	234,749
Total current assets		**9,776,550**	9,784,387
Liabilities			
Current liabilities			
Trade and other payables	8	**411,389**	404,993
Total current liabilities		**411,389**	404,993
Net current assets		**9,365,161**	9,379,394
Net assets		**18,079,526**	18,093,759
Equity			
Share capital	9	**244**	244
Share premium		**11,841,036**	11,841,036
Retained earnings		**6,238,246**	6,252,479
Total equity attributable to the owners of the Company		**18,079,526**	18,093,759

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £14,233 (2021: £93,882).

The financial statements on pages 82 to 90 were approved by the Board of Directors and were signed on its behalf by:



G R Norfolk, Director
Date: 27th September 2023

The accompanying notes form part of these financial statements.

Company statement of changes in shareholders' equity

For the Year Ended 31 December 2022

	Note	Called Up Share Capital	Share Premium reserve	Retained Earnings	Total Equity
		£	£	£	£
At 1 January 2021		242	11,841,036	6,346,361	18,187,639
Issue of shares		2	-	-	2
Loss for the year		-	-	(93,882)	(93,882)
At 31 December 2021		**244**	**11,841,036**	**6,252,479**	**18,093,759**
Loss for the year		-	-	(14,233)	(14,233)
At 31 December 2022		**244**	**11,841,036**	**6,238,246**	**18,079,526**

Notes to the company financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The Company Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland', and with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The principal accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. These policies have been consistently applied to all periods presented unless otherwise stated.

Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments and Section 12 Other Financial Instruments; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances together with bank overdrafts that are repayable on demand.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Going Concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis of which the directors have reached their conclusion.

The group has net current liabilities of £12,319,811 (2021: £56,010,993) at 31 December 2022 and generated a profit after tax of £1,781,656 (2021: £3,209,153) for the year ended 31 December 2022.

The decrease in net current liabilities at 31 December 2022 has been driven by the repayment of the previous loan facility agreement with Permira Debt Managers. This was due for repayment in December 2022 and therefore was presented in the previous year within Current liabilities in the balance sheet at 31 December 2021. This entire loan facility was repaid in March 2022.

In March 2022 following a successful refinancing process the entire term loan with Permira was repaid in full. It was replaced with a new £41.5m facility with D E Shaw in the form of issued loan notes which were listed in May 2022 on the Guernsey Stock Exchange. This new facility is repayable in March 2025 with the option to further extend to March 2026 subject to certain conditions being met.

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. To assist in this process, management has completed a budgeting process for the two years ending 31 December 2024, incorporating a detailed income statement and cash flow analysis. The Directors have assessed the funding requirements of the Group and the Company and compared them to the banking facilities and arrangements available.

Trading performance to the end of September 2023, for the year ending 31 December 2023, has been challenging given the current economic outlook with the group currently behind budget. To mitigate against the risks of economic downturn and inflation the business has implemented its annual price increases to customers. Focus on gross margin continues within the business across our three core divisions of Distribution, Primary and Logistics & Fulfilment.

Throughout the year, the business has been able to meet all of its cash requirements from operating cash flows.

The Directors believe it is appropriate therefore to prepare the financial statements to 31 December 2022 on a going concern basis.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Carrying value of investments

The Directors review the carrying value of investments on an ongoing basis to ascertain whether there are any indicators of impairment. As at 31 December 2022 the carrying value of investments were £8,714,365 (2021: £8,714,365).

Provision for impairment on receivables

The Directors exercise judgement in providing for impairment loss on receivables due to the Company. As at 31 December 2022 the carrying value of receivables was £nil (2021: £nil).

3. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income. The loss dealt with in the financial statements of the Company was £14,233 (2021: £93,882).

The average monthly number of employees, including the directors, during the year was 2 (2021: 2).

4. AUDITORS' REMUNERATION

Auditors' fees for the company were £9,320 (2021: £4,200).

5. FIXED ASSET INVESTMENTS

Company **Investment in subsidiary undertakings**	**2022** **£**	2021 £
Cost and net book value		
At 1 January 2022	**8,714,365**	8,714,365
Additions	**-**	-
At 31 December 2022	**8,714,365**	8,714,365

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid. All subsidiaries and the company are wholly owned, incorporated in England and Wales and operate in the United Kingdom.

5. FIXED ASSET INVESTMENTS (continued)

Company	Business activity	Holding	Registered office
Kinaxia Logistics Limited	Intermediate holding company	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
Kinaxia Transport & Warehousing Limited	Intermediate holding company (a)	100%	Kinaxia Adlington Business Park, Adlington, Macclesfield, England, SK10 4NL
William Kirk Limited	General haulage and warehousing (b)	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Bay Freight Limited	General haulage and warehousing (b)	100%	Tameside Freight Terminal, Premier House Tame Street, Stalybridge, Cheshire, SK15 1ST
N C Cammack and Son Limited	General haulage and warehousing (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
Foulger Transport Limited	General haulage and warehousing (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU
Lambert Brothers Haulage Limited	General haulage and warehousing (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Lambert Brothers Holdings Limited	Property investment (b)	100%	Woodside Avenue, Eastleigh, Hampshire, SO50 4ZR
Ensco 898 Limited	Property investment	100%	Fawside Farm, Longnor, Buxton, Derbyshire, SK17 0RA
Cammack Limited	Dormant (b)	100%	Unit 11 Spitfire Drive, Earls Colne Business Park, Earls Colne, Essex C06 2NS
GAG57 Limited	Dormant (b)	100%	The Circuit, Snetterton, Norfolk, NR16 2JU
BC Transport 2017 Limited	General haulage	100%	Adlington Industrial Estate, London Road Adlington, Macclesfield, Cheshire, SK10 4NL
Panic Transport (Contracts) Limited	General haulage and warehousing (b)	100%	Europark A5 Watling Street, Clifton Upon Dunsmore, Rugby, England, CV23 0AL
A J Maiden and Son Limited	General haulage and warehousing (b)	100%	A J Maiden & Son Deer Park Court, Donnington Wood, Telford, Shropshire, England, TF2 7NA
Mark Thompson Transport Limited	General haulage (b)	100%	The Acres, Stretton Distribution Centre Grappenhall Lane, Appleton, Warrington, Cheshire, England, WA4 4QT
AKW Group Limited	Intermediate holding company (b)	100%	26 Bond Street, Europa Way, Trafford Park, Manchester, M17 1WF
AKW Global Logistics Limited	General haulage (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Global Logistics Birmingham Limited	General haulage (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF

5. FIXED ASSET INVESTMENTS (continued)

Company	Business activity	Holding	Registered office
AKW Global Warehousing Limited	Warehousing (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AKW Warehousing Limited	Warehousing (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
Global Logistics (UK) Limited	Dormant (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
AK Worthington Limited	Dormant (c)	100%	26 Bond Street, EuropaWay, Trafford Park, Manchester, M17 1WF
Fresh Freight Limited	General haulage and warehousing (b)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
Flybikefly Limited	Dormant (b)	100%	Woodward Avenue, Westerleigh Business Park, Yate, Bristol, BS37 5YS
Flybikefly.com Limited	Dormant (b)	100%	Woodward Avenue, Westerleigh Business Park, Yate, Bristol, BS37 5YS
David Hathaway Transport Limited	General haulage and warehousing (b)	100%	Woodward Avenue, Westerleigh Business Park, Yate, Bristol, BS37 5YS
Internet Distribution Highway Limited	Dormant (d)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
Specialist Logistics Solutions (SLS) Limited	Dormant (d)	100%	The Railhead Building, Earlsway, Team Valley Trading Estate, Gateshead, NE11 0QY
BC Transport (Bollington) 1991 Limited	Dormant (b)	100%	Unit 18, Adlington Business Park, Adlington, Macclesfield, SK10 4NL
GL Central Limited	Dormant (c)	100%	Alba Way, Stretford Motorway Estate, Stretford, Manchester, M32 0ZH
Kinaxia Logistics Training Limited	Dormant (b)	100%	Fawside Farm, Longnor, Buxton, Derbyshire, SK17 0RA

(a) This subsidiary is owned by Kinaxia Logistics Limited

(b) These subsidiaries are owned by Kinaxia Transport and Warehousing Limited

(c) These subsidiaries are owned by AKW Group Limited

(d) These subsidiaries are owned by Fresh Freight Limited

The investments in Urban Logistics K Holdings Limited (formerly David Hathaway Holdings Limited) and Urban Logistics K Properties Limited (formerly David Hathaway Properties Limited), both held by Kinaxia Transport and Warehousing Limited, were disposed in February 2021.

6. TRADE AND OTHER RECEIVABLES

Company	2022 £	2021 £
Current		
Trade receivables	-	-
Less: provision for impairment of trade receivables	-	-
	-	-
Amounts owed by Group undertakings	9,631,214	9,548,824
Other debtors	5	814
	9,631,219	9,549,638

7. CASH AND CASH EQUIVALENT

Company	2022 £	2021 £
Cash at bank and in hand	145,331	234,749

8. TRADE AND OTHER PAYABLES

Company	2022 £	2021 £
Current		
Trade creditors	-	3,550
Amounts owed to Group undertakings	400,000	400,000
Other taxes and social security	9,946	-
Other payables	1,443	1,443
	411,389	404,993

9. SHARE CAPITAL

	2022 £	2021 £
Allotted, called up and fully paid		
4,406,397 Ordinary shares of £0.00001 each	50	50
9,000,000 Ordinary A shares of £0.00001 each	90	90
100 Ordinary B shares of £1 each	100	100
203,214 Ordinary C shares of £0.00001 each	2	2
225,000 Ordinary D shares of £0.00001 each	2	2
	244	244

The Ordinary B shares of £1 carry no voting rights or rights to dividends. The Ordinary C and Ordinary D shares of £0.00001 carry no voting rights. The holders of the Ordinary shares of £0.00001, the Ordinary A shares of £0.01 and Ordinary C and Ordinary D shares of £0.00001 are not entitled to dividends until certain financial liabilities are repaid in full.

10. COMMITMENTS

The company has no commitments.

11. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 24 to the Consolidated financial statements.

The company has taken advantage of the exemption in FRS 102 not to disclose transactions entered into between two or more members of a group whereby the subsidiary that is a party to the transaction is wholly owned by a member.

The directors of the company are considered to be the key management personnel.
Details of directors' remuneration are provided in note 11 to the Consolidated financial statements.

12. POST BALANCE SHEET EVENTS

In April 2023, the Group increased its Invoice Discounting facility limited with HSBC from £17,250,000 to £20,000,000 following a review of its available headroom. At 31 December 2022 a balance of £14,013,698 was utilised from this facility.

The entity Ensco 898 Limited was set up as part of the acquisition of Bay Freight Limited in December 2011 as a company to hold the property used by the Bay Freight business with a beneficial interest being held by the previous owners of Bay Freight Limited through their ownership of the B shares in Kinaxia Limited.

In September 2023 a reorganisation was completed to demerge Ensco 898 Ltd out of the group. This involved a new Topco, Ensco 1477 Ltd acquiring 100% of the shareholding of Kinaxia Limited. The previous shareholding of Kinaxia Limited was mirrored up to Ensco 1477 Limited so the ownership structure remained the same as before with the exception of the removal of the B shares in Kinaxia Limited. The B shares in Kinaxia Limited entitled the B shareholders to the economic benefit of Ensco 898 Limited and not to any benefit in the rest of Kinaxia Limited. At the same time, 1,438,542 E ordinary shares of £0.00001 each were issued at par in Ensco 1477 Limited and 1,438,542 F ordinary shares of £0.00001 each were issued at par in Ensco 1477 Limited to senior management within the group.

K

Kinaxia
Limited

Adlington Industrial Estate
London Road, Adlington
Macclesfield, SK10 4NL

www.kinaxia.co.uk

info@kinaxia.co.uk
Company No. 07466536